

Global Forces, Local Implications



That kind of travel made you conscious of borders; you rode ready for them. Crossing a river, crossing a county line, crossing a state line — especially crossing the line you couldn't see but knew was there, between the South and the North — you could draw a breath and feel the difference.

— Eudora Welty

A strong sense of place has long characterized the South. Connection to place is not unique to this region, but home and family, as well as the land and community in which they are located, have a special emotional pull on many Southerners.

The forces of globalization and technology, however, are eroding, even erasing, old boundaries. Goods, capital, and ideas move more freely over local, state, and national borders, but neither sender nor receiver is as conscious of the crossings as Eudora Welty was during her summer automobile trips with her parents. Moreover, millions of people have moved — and continue to move — to the South from across the country and the world for the basic reason that has driven people from place to place from time immemorial: to seek a better life, a better living.

Globalization has local consequences. The new global economy lifts some places up and leaves some behind. It is lifting up in particular a group of cities, several in the South, ignited by a potent mix of technology-laced industries, high-quality universities, and new-ideas people. These “new-economy” cities now serve as the booster rockets of the South’s economic rise.

Meantime, the long-standing urban/rural divide has shifted. Some rural communities, particularly along the coasts or near major metropolitan areas, have experienced an economic rebirth. But many other rural communities, not well connected to the new economy, have fallen further behind.

Think of the South’s economy as you would think of Southern food — distinct differences amid a common regional flavor. Louisianians boil crawfish. Arkansans fry catfish. While to most Southerners barbecue is both a noun and a verb, Texans like theirs beef, North Carolinians favor pork. While Southern communities, both rural and urban, continue to deal with the legacies of racial discrimination and inadequate education, globalization and technology are making subregions of the South increasingly distinct from each other.

The pace of change is accelerating, and the South faces the dual challenge of hastening its march into the complex, global economy even as the region continues to address long-standing issues of poverty, race, and education.

Global Cities

Globalization and technology have stimulated a reorganization of the way many businesses work. Simultaneously, these forces have also propelled the development of a certain type of city, with robust high-technology businesses and explosive job and population growth.

Indeed, the South’s prosperity increasingly depends on the health and vitality of its new-economy cities. These are cities that have jettisoned the old-South dependence on natural resource-based industries, and they now develop the knowledge, products, and services that drive the economy.

The term “new-economy” city refers to the amalgam of core city, suburbs, office-and-research parks, and nearby towns that form a unified economic entity. A new-economy city sprawls across traditional municipal, county, and even state boundaries. To set them apart from other metropolitan areas, some scholars call them “city-regions,” in an echo of the classical city-states, but without the benefit of common identity. They have become

not only sprawling metropolitan areas but also regional powerhouses of education, culture, and entrepreneurship. Such urbanization and economy-driving cities are not something exclusive to the South or the U.S. — they are a global phenomenon.

State growth, these days, is inextricably linked to metropolitan growth. Across the South, metropolitan growth is being fueled by global forces and by the tendency of a robust economy to generate more opportunities and attract more people.

Of the 17.7 million jobs that the South has gained since 1978, metro areas accounted for fully 15 million. In the South, the place to find a job is in a metropolitan region. (*Figure 18*) In 1997, the South's metro areas provided 60 jobs per 100 residents, while rural areas had only 48 jobs per 100 people.

While metropolitan growth leads the way across the South, the stepped-up activity of the new-economy cities has resulted in their surging ahead of other metro areas in the region. These cities build upon their assets, including geographic and cultural amenities, to form pulsing metropolitan complexes of a scale, historically speaking, new to the South.

In Austin, Orlando, West Palm Beach, Raleigh-Durham-Chapel Hill, and Atlanta — all of which now have 500,000 or more jobs — employment has jumped more than 100 percent since 1978. Six other metro areas in the South had employment growth between 70 percent and 99 percent. By contrast, U.S. metro employment growth was 45 percent in that period. (*Figure 19*)

Prerequisites for Prosperity

Why have certain cities thrived in this economy and vaulted ahead of their Southern urban cousins?

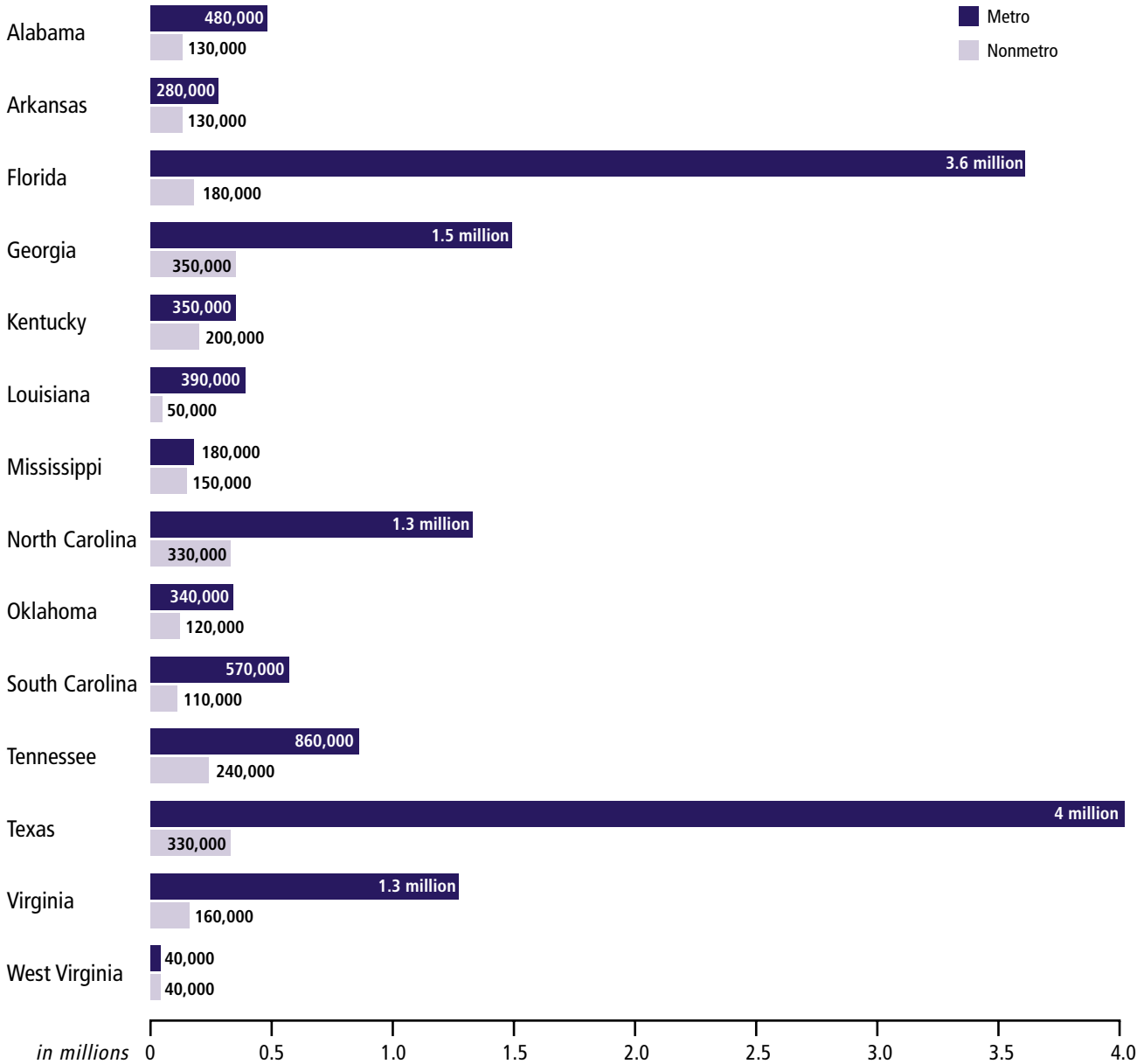
A key ingredient is leadership with a vision for the future. Sometimes the leadership has come from elected governmental officials, sometimes from entrepreneurs and business executives who launch products or services that triumph in the globalized environment. Positive, visionary leadership is crucial, and so are the capacity to innovate and the willingness to embrace change.

Leadership can be augmented by a healthy civic climate. Breaking down racial and social barriers that stand in the way of equity and opportunity has helped much of the South to thrive. A vigorous network of voluntary citizen-institutions and nonprofit agencies serves to enrich a city's vitality.

Figure 18

Cities fuel job growth

Increase in number of jobs in the Southern states, metro and nonmetro, 1978-97



Source: BEA Regional Economic Information System, U.S. Department of Commerce, 1999

Job growth indicates economic vitality, and all across the South, new jobs are burgeoning in metropolitan areas. Florida and Texas, with their large metro populations, lead the way. In most other states as well, employment growth in metro areas overshadows the increases in the rural areas.

“New-economy” cities lead the way

*Employment growth in the South’s largest metropolitan areas, 1978-97**

	# of jobs, 1978	# of jobs, 1997	% Change
Orlando	374,684	938,944	150.6%
Austin-San Marcos	290,736	726,712	150.0%
West Palm Beach-Boca Raton	254,293	562,630	121.3%
Raleigh-Durham-Chapel Hill	354,638	756,420	113.3%
Atlanta	1,177,999	2,418,795	105.3%
Tampa-St. Petersburg-Clearwater	644,433	1,283,460	99.2%
Dallas-Fort Worth	1,619,271	3,105,250	91.8%
Nashville	445,059	815,101	83.1%
Jacksonville	363,753	660,385	81.5%
San Antonio	492,546	870,683	76.8%
Charlotte-Gastonia-Rock Hill	528,405	909,908	72.2%
Houston-Galveston-Brazoria	1,621,510	2,584,328	59.4%
Miami-Fort Lauderdale	1,229,583	1,930,708	57.0%
Greensboro-Winston Salem-High Point	520,887	780,716	49.9%
Greenville-Spartanburg-Anderson	378,267	564,045	49.1%
United States Metro Total	88,485,677	128,723,093	45.5%
Norfolk-Virginia Beach-Newport News	634,723	920,119	45.0%
Memphis	480,106	693,846	44.5%
Richmond-Petersburg	442,504	638,129	44.2%
Oklahoma City	462,232	648,358	40.3%
Birmingham	402,195	549,012	36.5%
Louisville	489,374	643,086	31.4%
New Orleans	639,977	751,110	17.4%

* Metropolitan areas with 500,000+ jobs

Source: BEA Regional Economic Information System, U.S. Department of Commerce, 1999

The South’s new-economy cities grew at a rate well above the U.S. metro average. Cities with more traditional economies have had slower job growth.

Why Austin? Leadership

Just 10 years ago, Austin was considered a comfortable government town. The good jobs were with the state or at the University of Texas. Rents were cheap. The cost of living was below the national average.

Now 30,000 people a year are coming into a new-economy city that is regularly listed among the best places in the country to do business.

The problem in Austin isn't money — venture capital firms are pouring over a billion dollars a year into local companies. The greatest difficulty is finding talented people to fill the highly skilled, highly paid jobs that businesses are creating. And a soaring cost of living has made Austin the most expensive city in Texas, driving out people who aren't employed by new firms that are revitalizing downtown.

The creation stories for Austin's high-tech rebirth abound: Local leadership, the chamber of commerce, the region's eccentric, tolerant culture, and the university with its excellent research programs and well-educated students

all make a claim. All probably deserve credit. For the past century, Austin's leadership saw the town as a place dedicated to intellectual pursuits and that was the kind of economy the city sought to create.

At the same time, Austin became the place creative, quirky Texans came to live — an "oasis in a redneck desert," one resident called it. When the economy began rewarding talent, ideas, and high quality of life rather than machinery and natural resources, Austin's leadership had the city ready.

Everybody benefits in high-tech towns like Austin — but a few benefit a great deal more than everybody else. In the 1990s, the distribution of income in Austin grew starkly more unequal. In 1990, the top 10 percent of workers earned 5.7 times more than the bottom 10 percent. By the end of 1999, that ratio had increased to 11.1 to one. Now Austin's leadership has put a citizens committee to work on addressing the problems associated with income disparity.

New-economy cities are often characterized by the phenomenon of clustering. Like attracts like; thus, clustering takes place as similar businesses locate near each other. Clustering attracts people with special skills and suppliers geared toward a particular sector. It sparks the development of banks, educational institutions, and skilled workers capable of serving the cluster. Consequently, while sharing key traits, new-economy cities tend to have their own identities.

Austin and Raleigh-Durham-Chapel Hill were among the fastest-growing centers in the South from 1978 to 1997. Both qualify as knowledge-intensive

cities that are home to major research universities and corporations attracted to or created by the area's talent. The modern economy favors centers of "thinking," which abound with activity around research and development, and the development of products built on knowledge and the most recent technology.

Other growth centers have built their economies based on sophisticated manufacturing with a high-tech focus and an above-average influx of foreign direct investment. An example is Greenville-Spartanburg-Anderson, where employment growth was above the national average from 1978 to 1997.

Some new-economy cities revolve around trade. Miami-Fort Lauderdale is a global trader, importing capital and talent from Latin America while importing and exporting goods from around the world. Charlotte has emerged as an international center of banking. Both had above-average employment growth in the 1980s and 90s.

Atlanta and Dallas-Fort Worth, two of the South's booming international metros, combine aspects of manufacturing and trading. Both feature major airports that serve as vital logistics centers of linking people and exchanging commerce — and both have built solid bases of new-economy businesses.

The nation's — as well as the South's — increasing prosperity has fueled the travel, tourism, and entertainment sectors. Amusement industries have given a huge boost to the growth of some Southern cities, in particular Nashville and Orlando. These two cities have leveraged their strength in tourism and entertainment to diversify into other high-tech, high-growth sectors.

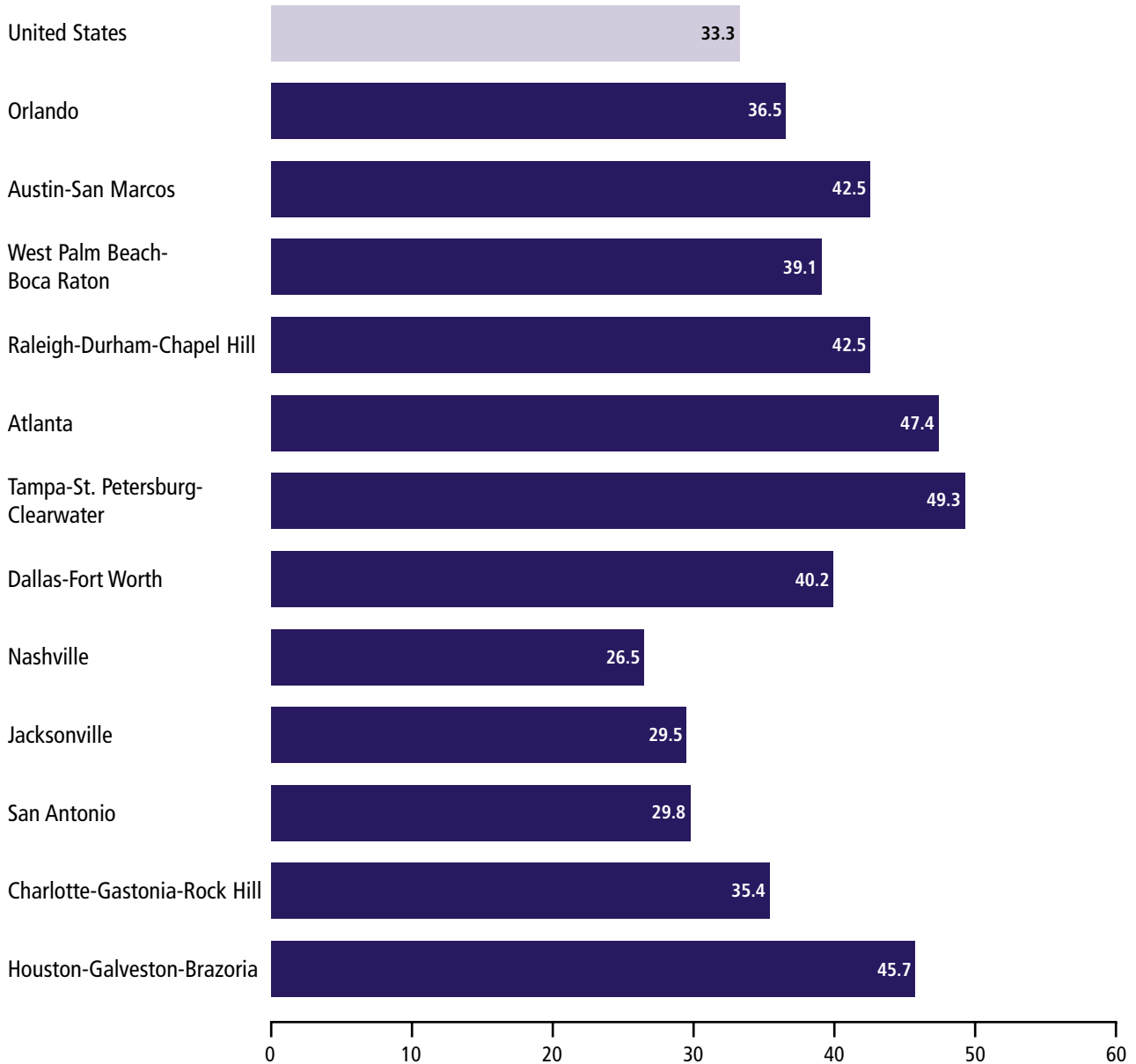
It is more than coincidental that a number of the region's fast-growing metro areas have a high concentration of professional, scientific, and technical jobs. Whether they derive their competitive advantage from research and development, trade and banking, or high-tech manufacturing, their economies rely heavily on professional, scientific, and technical services. Six of the South's largest metro areas now have 40 or more people engaged in such well-paying, high-skill jobs per 1,000 workers — well above the U.S. rate of 33 per 1,000 workers. (*Figure 20*)

Whether specializing in enterprises of thinking, making things, trading, or entertaining, the new-economy cities have shifted away from traditional industries and have increased prosperity by engaging in nontraditional and emerging businesses. They have changed what they produce and how they produce by embracing knowledge and technology. The more Southern cities position themselves to take advantage of technological developments, the greater will be the South's share of new-economy cities.

Figure 20

High-growth cities, high-tech services

Professional, scientific, and technical services employment per 1,000 jobs in the South's largest metro areas, 1997



Source: 1997 U.S. Economic Census

Many of the South's fastest-growing mega-metro areas have a high proportion of jobs in this new sector, defined by the North American Industrial Classification System (NAICS). These jobs are generated by high-tech urban businesses, and as they grow they further strengthen the foundation for economic development in their city.

Chattanooga, TN — The City that Civic Engagement Rebuilt

Chattanooga, Tennessee (pop. 148,820), is a dramatic model of civic collaboration in pursuit of revitalization.

In 1969, a federal agency declared Chattanooga “the dirtiest city in America.” Pollution spewing from TNT factories and steel foundries routinely turned the sky orange, and cars had to keep their headlights on through the day to navigate in the smog.

In 1981, the Lyndhurst Foundation provided funds for University of Tennessee architecture professor Stroud Watson to set up an urban-design center downtown. Watson and his students began to promote sustainable development as the way to reverse the fortunes of Chattanooga. A non-profit organization, Chattanooga Venture, resulted in 1984.

Chattanooga Venture embarked on the Vision 2000 project, holding a 20-week series of open town meetings that attracted more than 1,700 residents who worked with civic and business leaders to fashion an agenda of sustainable development goals and priorities. Chief among the residents’ concerns was cleaning the air. As a result, citizens replaced industry representatives on the local Air Pollution Control Board, which then began requiring filters for smokestacks and banning visible auto emissions. By 1989, Chattanooga was in full compliance with all federal air quality standards.

Another principal goal became the revitalization of the downtown area near the river.

Residents saw the river as the city’s most prominent asset, but the waterfront had been largely abandoned. The city paid to overhaul the sewer system that had been polluting the river, and a new Riverwalk was built. The historic Tivoli Theater was renovated, and the Tennessee Aquarium and a children’s museum were built.

The downtown waterfront now attracts more than a million tourists per year. Chattanooga identified its potential assets and successfully reoriented its economic base from that of a faltering manufacturing city to a diversified economy with a large tourism component. In addition, local, state, and federal grants made possible the development of a mass transit system of locally built electric buses, furthering Chattanooga’s ambiance and job growth without threatening their environmental progress.

Critically, this development has also not come at the expense of the city’s low-income residents. The downtown revitalization has provided a multitude of employment opportunities, and Chattanooga Neighborhood Enterprise (CNE) was formed to help the elderly and the poor rebuild and buy homes. In 1999, CNE made more than \$30 million in loans, more than any other similar nonprofit organization in the country. Most of the money went toward affordable housing, but approximately 20 percent was for the development of commercial enterprises in low-income neighborhoods.

Rural Communities Under Stress

Just as different metro areas have been affected differently by the global economy, rural communities have not been affected the same way, nor have they all reacted the same way. This is not just an issue in the South, but around the world. Some rural communities have grown rapidly, especially those that are vacation or retirement destinations and those near a thriving metro area. In many cases, formerly rural communities have been absorbed into metro areas and are sharing in their prosperity.

Most other rural communities, especially those off major highways and with lagging telecommunications capacity, are not sharing in the 90s booming economy's prosperity. Just as urbanization is a global trend, so is rural decline. In the South, traditional manufacturing remains a major source of employment, and the decline in traditional manufacturing has hit rural communities particularly hard. Nearly half of the region's losses in manufacturing jobs since 1979 have taken place in rural counties.

Rural plant closings and job cutbacks have accelerated as a result of two major forces: first, the adoption of new technologies that increase productivity of labor and reduce the amount of labor needed, especially low-skill labor; and second, new international trade agreements resulting in the shifting of factory work to developing countries.

To be sure, there has been a modest measure of job growth in the rural South, but that growth is substantially slower than in urban/suburban areas. And while the metro South grew much faster than the metro U.S., job growth in the nonmetro South has trailed the U.S. nonmetro rate since 1978. (Figure 21)

Figure 21

Percent job growth, metro vs. nonmetro for South and U.S., 1978-97

	Metro	Nonmetro
United States	45.5%	30.3%
South	63.7%	28.9%

Source: BEA Regional Economic Information System, U.S. Department of Commerce, 1999

In decades past, manufacturers sought out locations for plants in the rural South where land was cheap and labor low-skilled, low-cost, and abundant. Today the competitive strength of U.S. manufacturing relies more on design, marketing, and technology than on low-cost production. These elements of manufacturing are concentrated in cities, where one in four manufacturing jobs is now managerial or professional.

Low-skilled rural labor, once a draw, has become a disadvantage. As recently as the 1980s, Southern counties where fewer than seven out of 10 adults had completed high school gained manufacturing jobs. But, by the 1990s, rural manufacturing was shifting to counties with higher

education attainment: The fastest growth in manufacturing jobs was in counties where at least eight out of 10 adults had a high school diploma.

In the 1990s, manufacturing that relied upon low-education labor increasingly moved to developing countries rather than to the rural South. Meanwhile, manufacturers in the rural South heightened their competitiveness by adopting new technology, hiring fewer, yet higher-skilled workers, and increasing their exports.

Unless steps are taken quickly to connect countryside counties to the new economy, many rural communities will confront multiple disadvantages, including the following:

1. The rural South has long been highly dependent on traditional manufacturing, which is shedding jobs.
2. Low education levels bedevil the rural South at precisely the moment when economic development depends more than ever on a higher-skilled workforce.
3. The digital divide hits the rural South hard.

Digital Divides, Educational Divides

Along with the loss of manufacturing jobs, modern technology and the global economy have brought new options to rural areas. Telecommunications, for example, allows market research call centers to locate in former Appalachian coal towns. Infrastructure development has long been a path to economic development for rural areas. But, in the global economy, the roads leading toward progress do not all come paved with asphalt — the newest roads are electronic.

The 21st Century battle for economic opportunity is going to hinge on digital preparedness and digital literacy. It is important to note that the South as a whole is not well prepared for the digital economy even with the burgeoning of new-economy cities. The South has the lowest proportion of residents using the Internet and the fewest households with e-mail of any region of the United States.

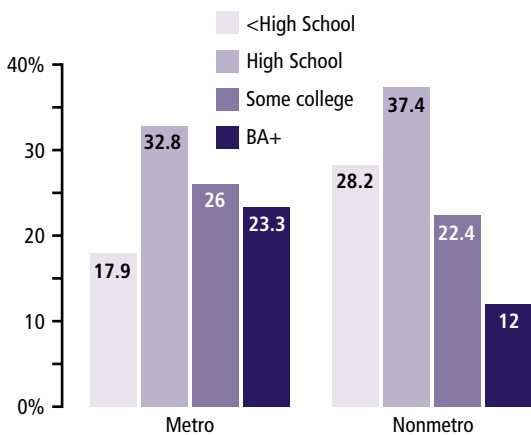
Within the South, the digital divide hits rural communities especially hard. Distance and low population density make digital infrastructure more expensive to build in rural areas. Rural households are less likely to own computers than their metro counterparts and even less likely to use the Internet. Low income and low education also make for low computer ownership. These

factors combine to give households in the rural South, along with the inner-city Northeast, the lowest level of home e-mail access in the country.

These indicators of a digital divide point to a broader issue. It is important that rural people become familiar with and comfortable in using information technology. But beyond home use of the Internet, it is critical that rural businesses have access to affordable, broadband connectivity. Rural communities need the connections essential to do business in the new economy. Major corporations, as well as government, are increasingly shifting to e-commerce and firm-wide IT applications, and rural businesses can't keep up in the new economy without business-to-business, or business-to-government,

Figure 22

Educational attainment, metro and nonmetro, Census South, 1998, ages 18+



Source: Current Population Survey, March 1998

electronic connections. Rural areas are at risk of falling even farther behind economically due to information technology deficiencies.

Even if such technological challenges are met, all the opportunity in the world won't help a struggling community if its workforce is ill prepared for it. Education levels in the rural South do not bode well for the region's future.

Among rural Southerners 18 years and older, there are more high school dropouts than college graduates. Nearly three in 10 have less than a high school education, while only 12 percent have a bachelor's degree. In the metro South, the reverse is true: There are more college graduates than high school dropouts. All told, fully half of adults in the urban South have some education beyond high school, compared to

one in three rural adults. (Figure 22) The rural South's educational deficiencies lead to poor jobs — or jobs that flee — and stymie economic progress.

More Southerners, from All Over

The modern South's shift from a rural region to an urban/suburban region is reinforced by millions of people flowing in from other parts of the U.S. and from around the world. Having outpaced the nation in its rate of job creation, the South has also gained population at a faster rate than the nation as the lure of jobs has attracted more people. As people continue to flow into the South, they inexorably mix with — and redefine — its culture.

Since 1978, the population of the South has risen by more than 20

million. The region's population growth rate — 30 percent — nearly doubled that of the rest of the nation. Most newcomers choose to live in or near cities — and immigrants even more so than domestic migrants. During the 1995-97 period, more than 90 percent of immigrants to the South moved to a metropolitan area.

Growth among the states, however, has been far from uniform. Of the 14 Southern states, only six — four Atlantic Seaboard states plus Texas and Tennessee — had population increases above the national rate of 21 percent. Indeed, two states — Texas and Florida — accounted for more than half of the South's population growth in the 1980s and 90s. *(Figure 23)*

The majority of recent newcomers to the South have come from other regions of the U.S. During the 1990s, about 8.6 million people moved to the South, while 5.8 million headed out to other regions of the country — for a 2.8 million increase in the South. In 1997-98, the last year for which data are available, the South gained 230,000 people from domestic migration.

From 1978 to 1997, the South gained more people than it lost in the population exchange with every other U.S. region. And during the 1990s, more whites, blacks, and Latinos moved to the South than moved away. About two out of three domestic migrants to the South were white. Of the remainder, about half were blacks and half Latinos with a few Asians included. *(Figure 24)*

Five states stand out as the South's major gainers of domestic migrants: Florida, Georgia, North Carolina, Tennessee, and Texas. Louisiana was the only state in which more people left than arrived from elsewhere in the U.S. Texas gained as many people from other countries as from other states. *(Figure 25)*

And They Came from Afar

More than at any time since its colonial days, the South has also experienced a rapid growth in immigration — that is, people who moved to the South directly from another country. Approximately 1.3 million immigrants arrived in the South between 1990 and 1998.

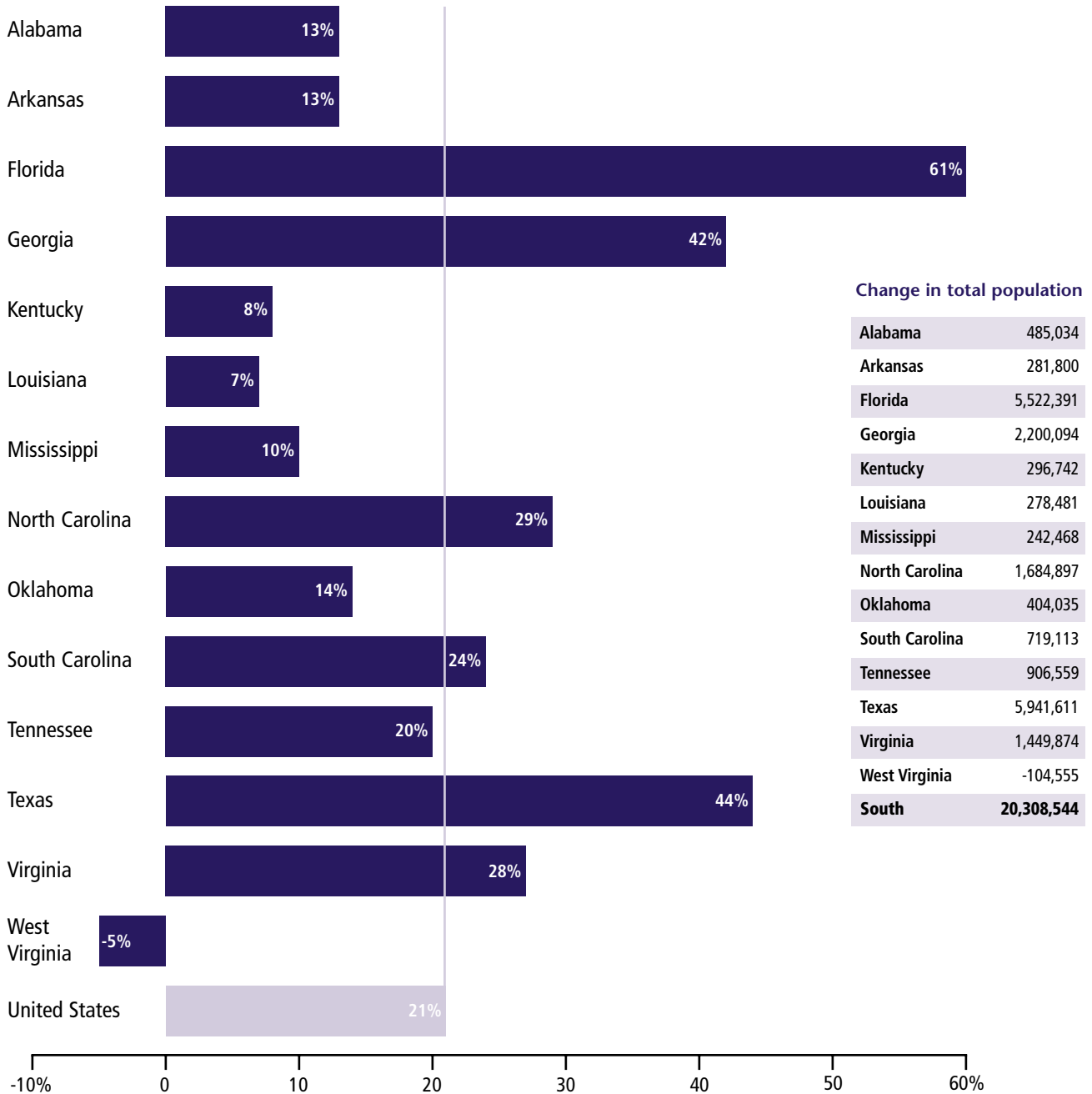
Over the past 15 years, immigration has increased from every continent. Notably, the number of Asian immigrants grew from 52,000 in 1990 to 66,000 in 1996. *(Figure 26)*

Of course, Latin America is the source for the largest number of immigrants moving to the U.S. South. The number of legal immigrants from Latin

Figure 23

Some states spurt, others sputter

Population growth, Southern states and U.S., 1978-97



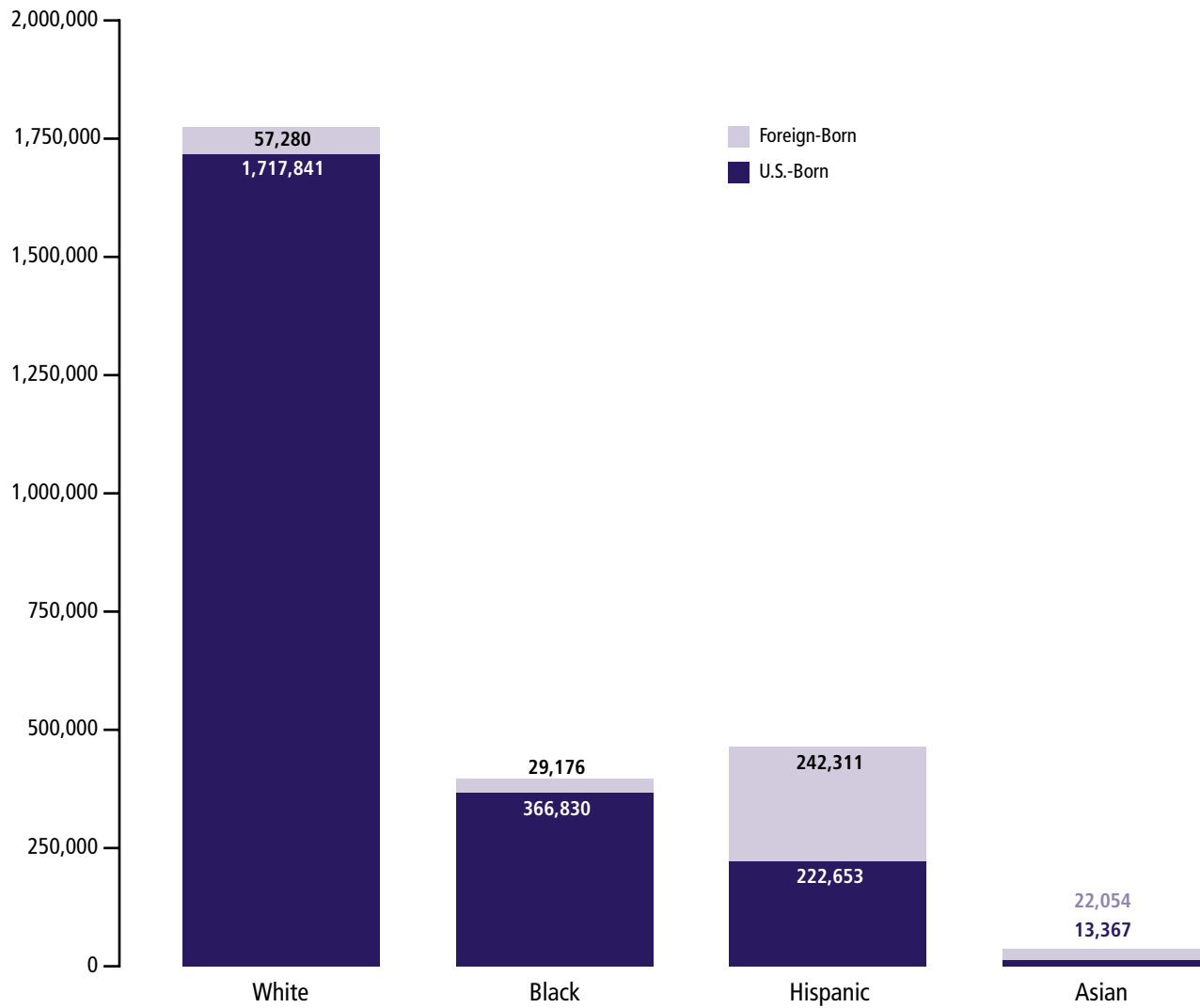
Source: BEA Regional Economic Information System, U.S. Department of Commerce, 1998

Texas and Florida lead the way in population growth. Georgia, North Carolina, Virginia, and South Carolina also display rapid increases. In most other states growth was well below the U.S. average. One state, West Virginia, actually lost population.

Figure 24

Who is migrating to the South?

Net migration to the Census South by race/ethnicity, 1990-98



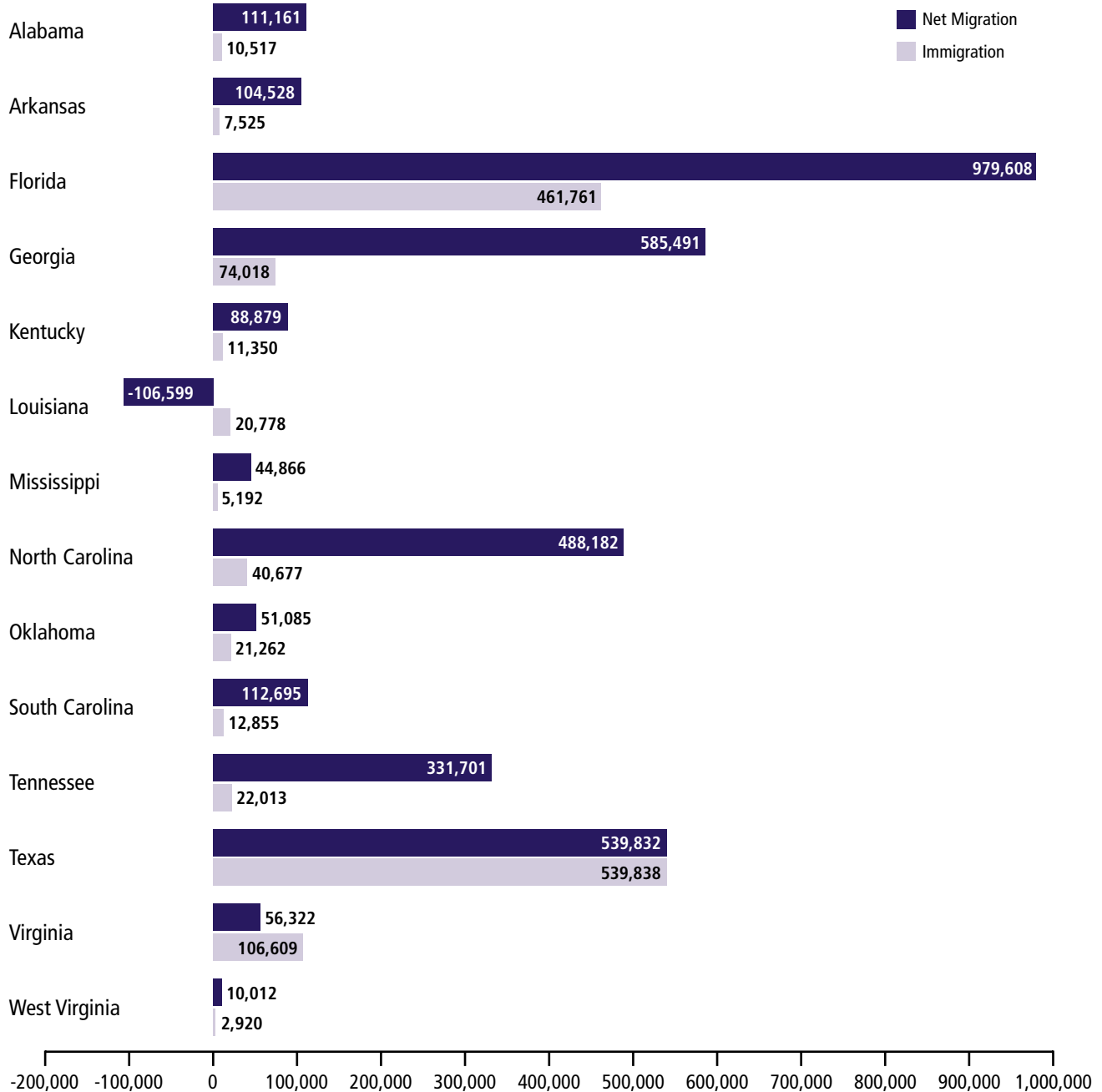
Source: Current Population Survey, March 1995, 96, 97, and 98 (William Frey)

In the 1990s, the South gained 2.8 million new residents from other regions of the U.S. Of these, 2.4 million were born in the U.S., and 400,000 were foreign-born. The majority of migrants were white, and there were roughly equal numbers of Hispanics and blacks. Half the Hispanics who moved to the South from other states were born outside the U.S.

Figure 25

Land of opportunity

Net migration and immigration to the Southern states, 1990-98



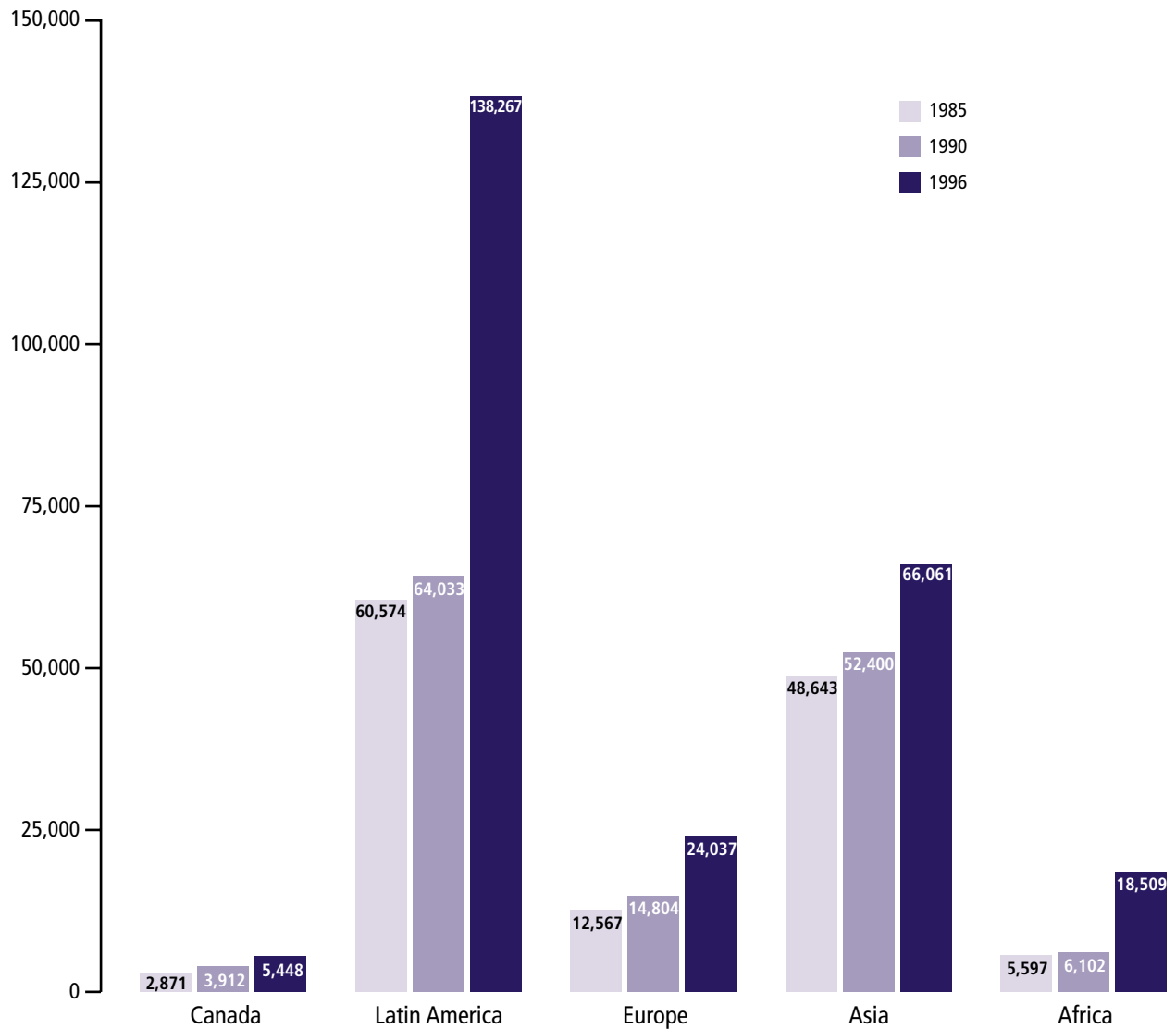
Source: U.S. Census Estimates, 1990-98 (William Frey)

The inflow of migrants and immigrants is very uneven. Almost all Southern states grew as a result of migration exchange with other regions in the country. In many Southern states, the arrival of immigrants is only beginning to occur, even as scattered communities experience high levels of immigration.

Figure 26

New Southerners from around the world

Number of immigrants to the Census South by place of birth, 1985, 90, and 96



Source: U.S. Immigration and Naturalization Service (William Frey)

Immigrants to the South have increased from every continent. Latin America is far and away the largest source of immigrants. Asian immigrants are also arriving in significant numbers, and African immigrants are increasing. These figures indicate the number of immigrants to the U.S. through Southern points of entry.

Dalton, GA — Making the Most of Many Cultures

Dalton, Georgia (pop. 22,000), is known as the "Carpet Capital of the World." Over the past decade, Mexican and Central American immigrants have increasingly filled the low-wage jobs at carpet factories in Dalton. Latinos now make up a third of the town's population, and Latino children comprise the largest ethnic group of students in the school district. A decade ago, there were 151 Latino students in the district; now there are more than 2,000.

There are now three Spanish-language newspapers and 132 Latino-owned businesses in town. Centra Latino, a local community-based organization, serves as a clearinghouse and referral service for new immigrants. Dalton State College offers Latinos employment assistance, translation help, and a variety of other services. Through its adult literacy program, the college also offers day and evening English as a Second Language (ESL) classes and maintains an ESL computer lab. In 1999, approximately 1,300 students enrolled in ESL classes at the college.

In 1996, local business leaders convinced the Dalton Public Schools' board to fund The Georgia Project, a program that sends about 20 educators to Mexico every summer for language and cultural training. A small group of Dalton citizens initially protested the

program, and the local English-language newspaper still receives anti-immigrant letters. However, Erwin Mitchell, an attorney and former U.S. Congressman who founded the Project, contends that it is in the best interest of everyone because not educating the children of immigrants could have serious social and economic consequences.

The Georgia Project is a joint venture of Dalton Public Schools and the University of Monterrey in Monterrey, Mexico. Dalton teachers attend a summer training institute at the university, and they also observe classroom instruction at various schools in Monterrey. In addition, the Project pays for teaching assistants to come from Monterrey each year to work in Dalton school classrooms. They assist the 24 teachers in Dalton who lead the English for Speakers of Other Languages program at the eight Dalton public schools. From kindergarten through second grade, the schools offer dual language classrooms, and all students receive both Spanish and English instruction.

At first only Anglos were involved in the decision-making process of The Georgia Project, but Latino business leaders recently formed the Latin American Community Alliance to help shape the program.

America to the South more than doubled in the first half of the 90s. In 1996, about 138,000 Latinos, mostly Mexicans, arrived in the South, representing 55 percent of all legal immigrants to the region.

To be sure, millions of additional newcomers have arrived as undocumented immigrants. According to U.S. Immigration and Naturalization Service estimates, for every 100 legal immigrants, an additional 42 “undocumented” immigrants enter the U.S. And some organizations working with immigrants consider INS estimates conservative.

Counterbalancing Aging

Migrants and immigrants are having a critical effect on the South’s population characteristics — they are keeping the South younger.

Along with other U.S. regions, the South’s population is aging. Between now and 2010, the region’s population cohorts with the largest increases will be people 65 years and above, and 45- to 64-year-olds. The South is projected to have about 2.3 million more people 65 years and older in 2010 than it has now and about 6.8 million more people between 45 and 64. (Figure 27)

People in the 20-44 age bracket will remain the largest cohort of the South’s population. But as a group, younger adults are expected to show a decrease of more than a half million between 2000 and 2010. Young adults are a particularly important segment of the workforce. They bring new ideas and new energy that enhance productivity, and they are better educated than older adults. Their decrease in numbers is cause for concern.

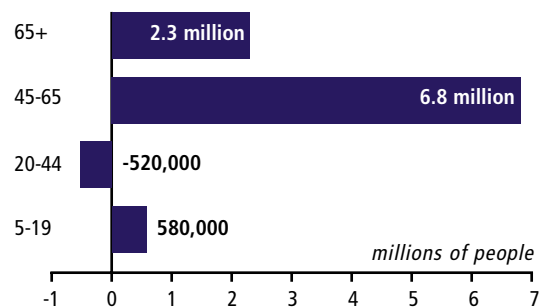
But that decrease would be even more pronounced absent the recent rise in immigration. The rapid increase in immigrants is bringing more young adults to the South, helping to fill in the gaps in the workforce as the native-born population ages. (Figure 28)

For the South’s economy, the projections of population change contain two resounding messages:

1. Increasingly dependent on older workers, the South must provide widespread access to mid-career education and training opportunities that will enable them to adapt to economic change.

Figure 27

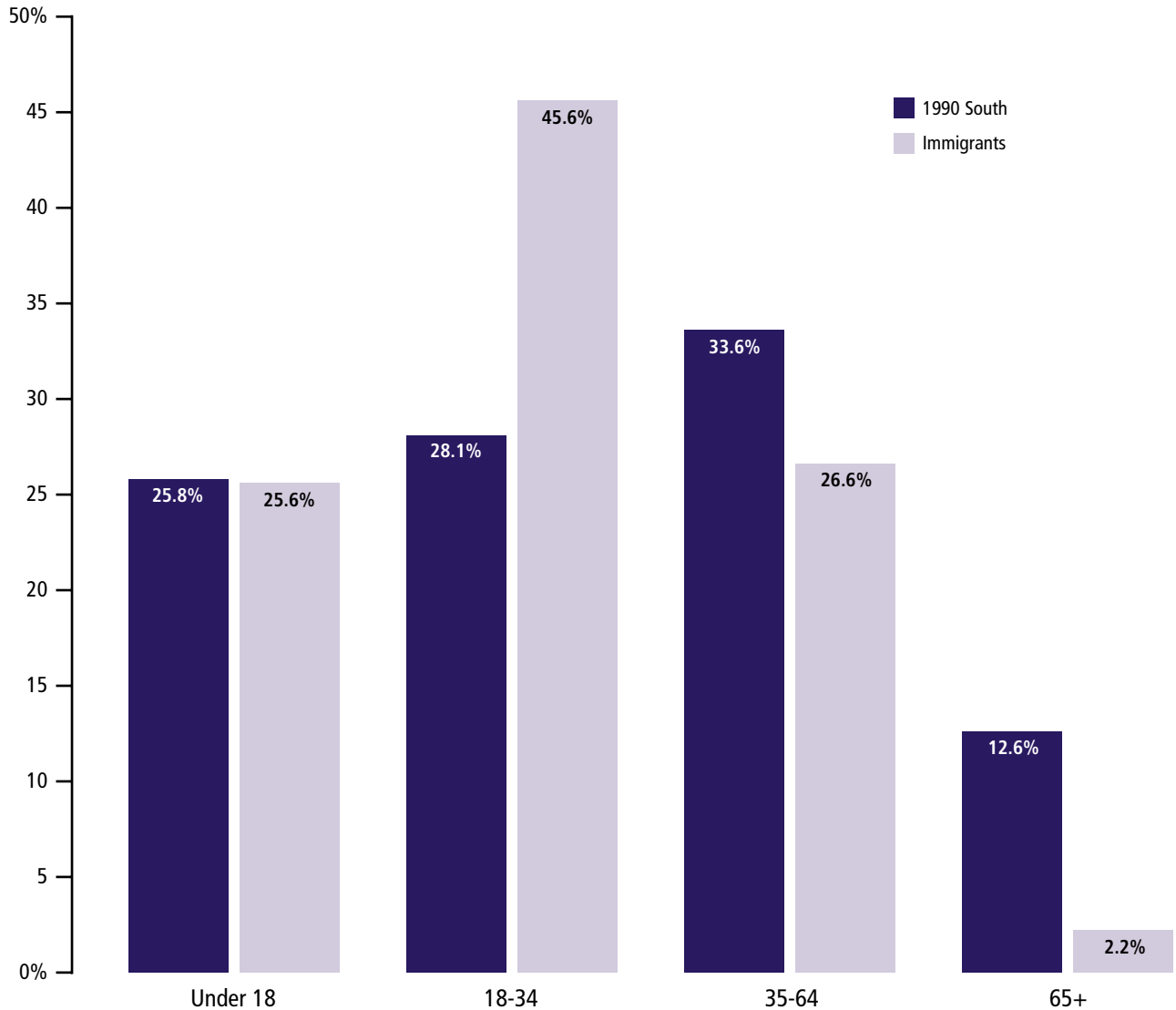
Projected population change for the South, 2000-2010



Source: U.S. Bureau of the Census, October 1996

Immigrants keeping the South younger

Age of immigrants to the Census South, 1990-98



Source: Current Population Survey, March 1995, 96, 97, and 98 (William Frey) and 1990 U.S. Census

As the South’s resident population ages, immigration is bringing in young, working-age adults who fill in labor gaps. In 1990, young adults (ages 18-34) made up just 28 percent of the South’s population, and their numbers declined from 1990 to 2000. In contrast, young adults are the largest age group among immigrants, representing 46 percent of all immigrants to the South in the 1990s.

2. The growing population of non-English-speaking immigrants and their children, along with African Americans, will form an ever-larger segment of our future workforce. People of color and immigrants must have greater access to education and skills training to ensure that they have the opportunity for productive, family-sustaining employment and that the South's workforce remains competitive.

Education: Gains and Gaps

The South's population remains woefully undereducated for this era of globalization. Too few Southerners are pursuing education beyond high school — and too few continue to seek education over the course of their working lives.

Requirements for good, well-paying jobs are changing rapidly as new technology calls for ever-higher skills. To qualify for the high-growth, higher-paying occupations generated in the global economy, the South's workers must constantly augment their skills and increase their knowledge. Increasingly the question will be asked of Southerners wanting to move up the career ladder: What did you learn lately?

The massive flow of people into the South is, simultaneously, enriching the region with well-educated workers and challenging the states anew to expand the reach of their education and training systems.

The overall profile of both domestic migrants and immigrants from 1990 to 1998 shows higher rates of college-degree and postgraduate attainment than the resident 1990 population of the region. To an important extent, therefore, the newly arrived are raising the education level of the South's workforce. (*Figure 29*)

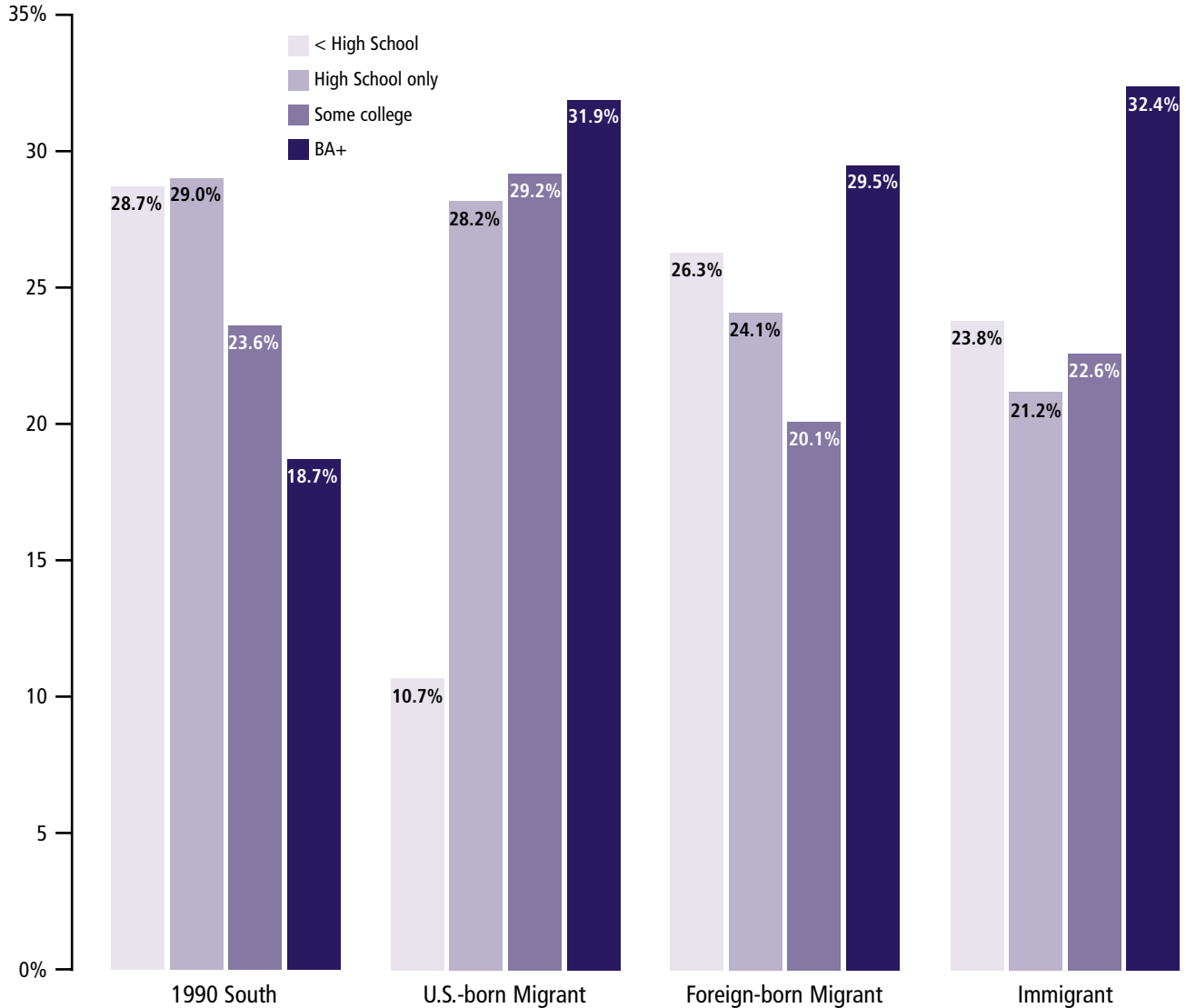
And yet, many recent arrivals have come without education beyond high school. Indeed, almost four out of 10 Latinos who moved to the South from other states in the 90s had less than a high school education. (*Figure 30*)

During the economic expansion of the 1990s, factory, construction, and retail jobs absorbed hundreds of thousands of immigrants with little formal education. For the long term, however, the South's sustained economic advancement as well as civic and community well-being depends on its extending quality educational opportunities to immigrants and their children.

Figure 29

Many newcomers have gone to college...

Educational attainment of migrants and immigrants to the Census South, 1990-98, ages 25+



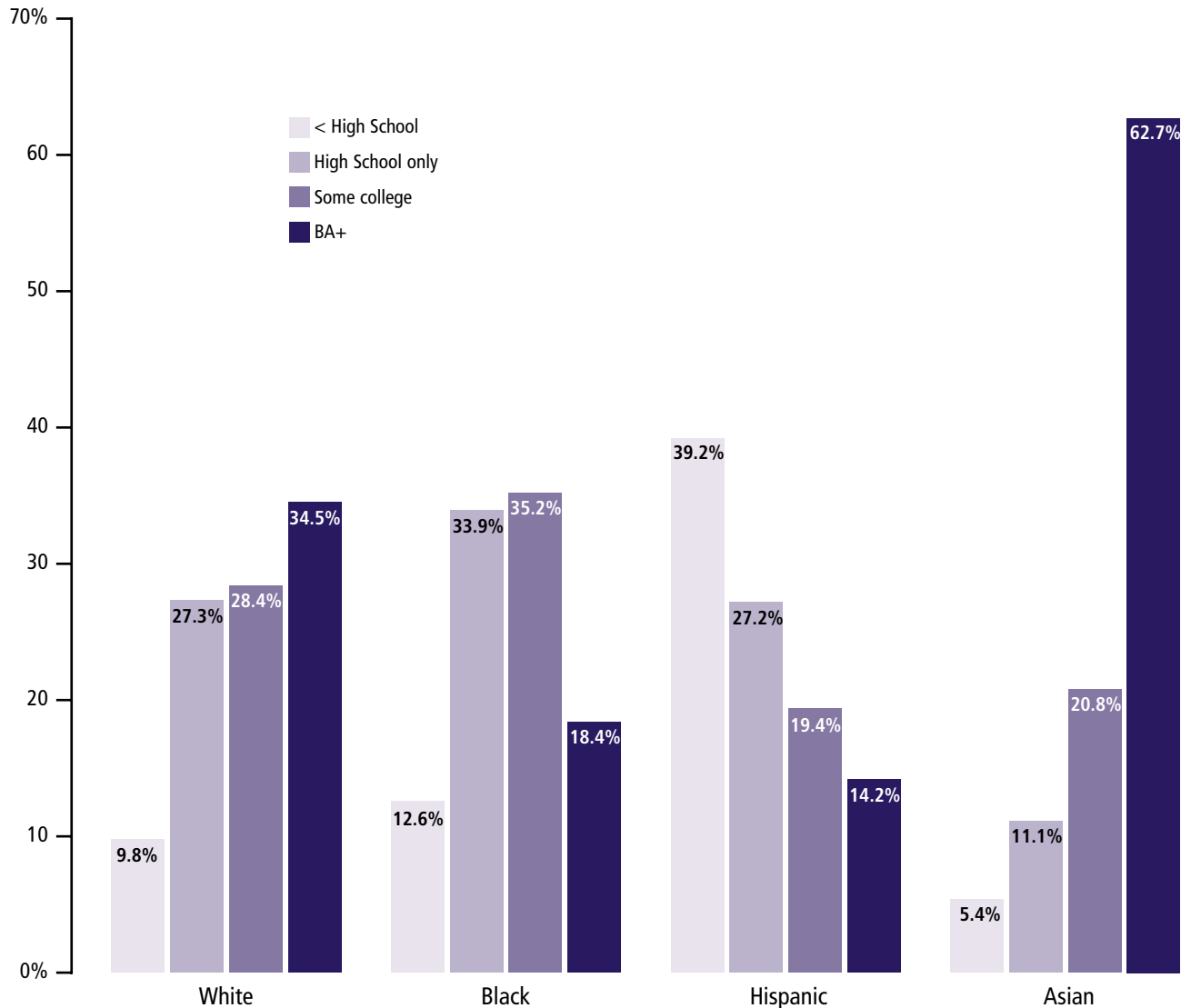
Source: Current Population Survey, March 1995, 96, 97, and 98 (William Frey) and 1990 U.S. Census

Compared to the South's population in 1990, newcomers have higher educational attainment. This is true regardless of whether they are U.S.- or foreign-born, and regardless of whether they moved to the South from another state or another country.

Figure 30

...But many Hispanics have not completed high school

Migrants to the Census South by race/ethnicity and education, 1990-98, ages 25+



Source: Current Population Survey, March 1995, 96, 97, and 98 (William Frey)

Note: These figures include all migrants who moved to the South from other regions, both U.S.-born and foreign-born. As shown in Figure 24, over half the Hispanic migrants to the South in the 1990s were foreign-born.

Racial and ethnic groups moving to the South from within the U.S. have very different educational profiles. The majority of Asian migrants are college graduates, and 27 percent have postgraduate education. More than one-third of white migrants have completed four years of college. Most blacks have completed high school, and 54 percent have some college or a BA. The largest group of Hispanics — nearly 40 percent — have not completed high school.

Segregation, Strains in the Workplace

The 1990s saw the creation of more jobs than the U.S. working-age population could fill — in high-wage categories as well as low-wage occupations. Thousands of highly skilled workers have come to the U.S. from abroad, adding momentum to the development of high-tech businesses. And throughout the South, construction companies, hotels, and meat-processing firms have recruited immigrants from Mexico, Eastern Europe, and Asia.

What's more, this period also saw the elimination of the welfare program known as Aid to Families with Dependent Children. In its place came largely state-designed systems that emphasized moving recipients as quickly as possible into jobs.

While the South has provided more jobs for more people, the workplace remains marked by stratification along lines of race, ethnicity, and gender. In general, white men and women are more concentrated in white-collar occupations, while African Americans and Latinos are concentrated in blue-collar and service jobs.

Over the past three decades, the South has experienced a historically notable growth in the black middle class and a dramatic rise of women in professional and technical ranks. Both trends have resulted from expanded educational opportunities, as well as shifts in societal attitudes.

And yet, data continue to show that men and women of different racial and ethnic groups remain concentrated in different occupational categories.

Compared to white or Latino men, black men are overrepresented in semiskilled factory work — jobs whose numbers are shrinking every year as technology changes and businesses restructure. Black men are also concentrated in the lowest-skilled blue-collar occupations (laborers, helpers, cleaners), as well as service jobs, high-skilled blue-collar trades (construction workers, mechanics), and transportation jobs.

Latino men are heavily engaged in the construction trades and other high-skilled blue-collar occupations. Still, large numbers of Latino men also work in low-skilled, low-wage jobs in services, factories, and farms.

Within blue-collar occupations, white men are concentrated in the higher-wage trades. On the white-collar side, white men greatly outnumber blacks and Latinos as managers, professionals, and sales workers. (*Figure 31*)

Both black and Latino women are concentrated in fast-growing but low-wage service occupations, particularly health care jobs (African Americans),

cleaning jobs (Latinos), and food service (both). White women are concentrated in white-collar occupations, including management and teaching. Administrative and clerical jobs employ a high proportion of women of all races. *(Figure 32)*

Such stratification is a product, in part, of educational differences between and among race and ethnic groups. In 1998, nearly one out of four white adult Southerners (age 25 and older) had a bachelor's or higher degree, and another two out of 10 had at least some college education. However, among both black and Latino adults in the South, only slightly more than one in 10 had a bachelor's degree.

Further, one-quarter of adult black Southerners had not completed high school. Among Latino adults, more than four out of 10 have less than a high school education. *(Figure 33)*

Educational gaps, leading to job stratification, come with a high cost. Of special concern is that many of the blue-collar production occupations most populated by blacks and Latinos are declining in number. And in the low-skill service occupations where African Americans and Latinos are concentrated, wages are unlikely to increase in the near future.

Stratification diminishes earnings and future opportunity for workers stuck in lower-rung jobs. It also sets the stage for increased tensions and reduced productivity, both of which are deleterious for communities and for business.

Strains on the South

As global and technological forces reshape the Southern economy, so are they remaking the map and the complexion of the region. The South's strong economy acted as a magnet during the late 1990s. It provided a lot of work, up and down the earnings ladder. Employment opportunities, along with natural amenities, attracted people.

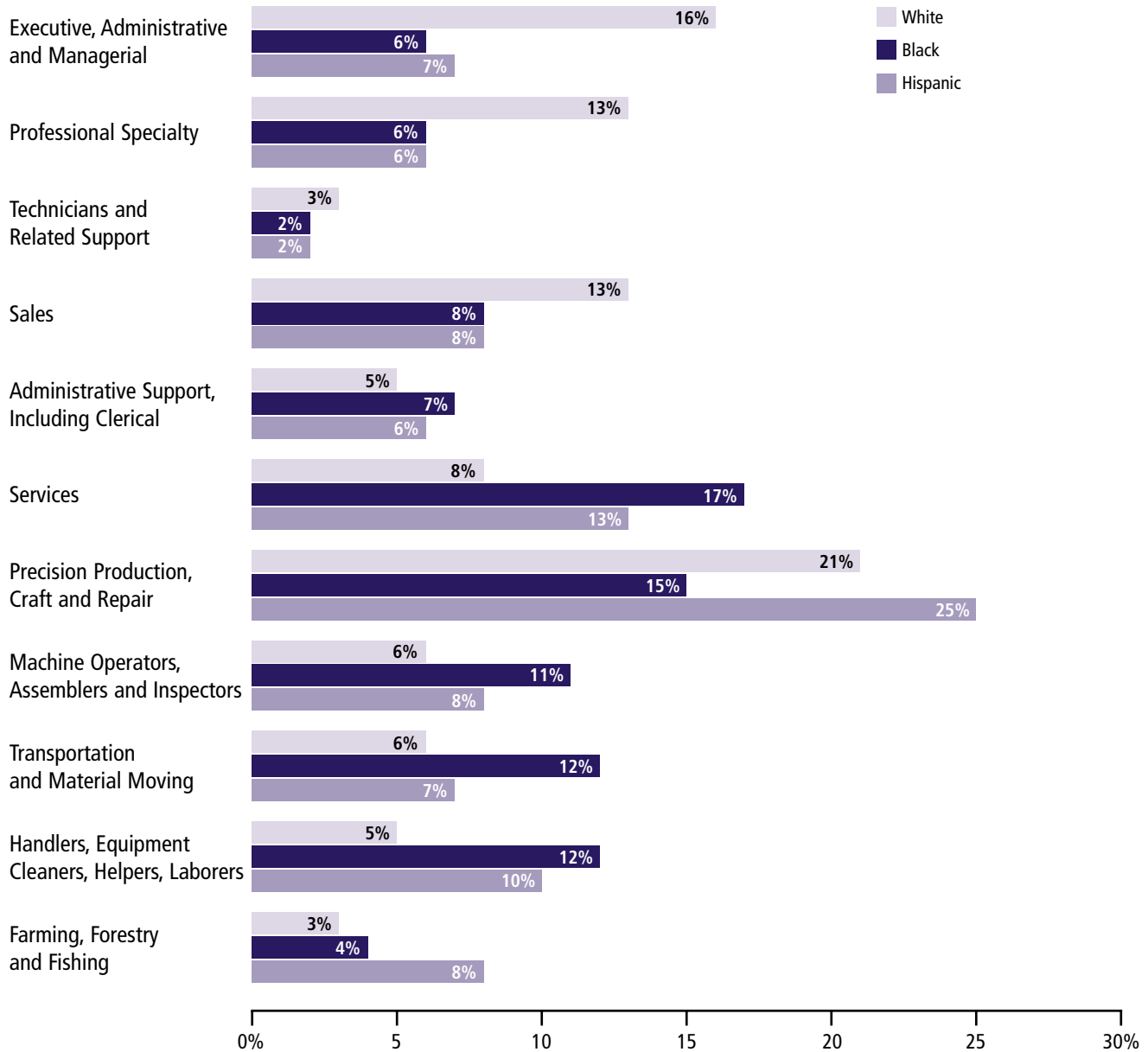
And yet, globalization can be a double-edged sword, offering vast opportunities and intensifying risk. The resulting strains threaten both the South's quality of life and its economic fortunes.

Even as Southerners and Southern communities deal with lingering racial frictions, the region's ethnic diversification is accelerating. While Southern metro areas have been the destination of most immigrants, new

Figure 31

Men's work is...

Occupational distribution of men by race/ethnicity, South, 1999



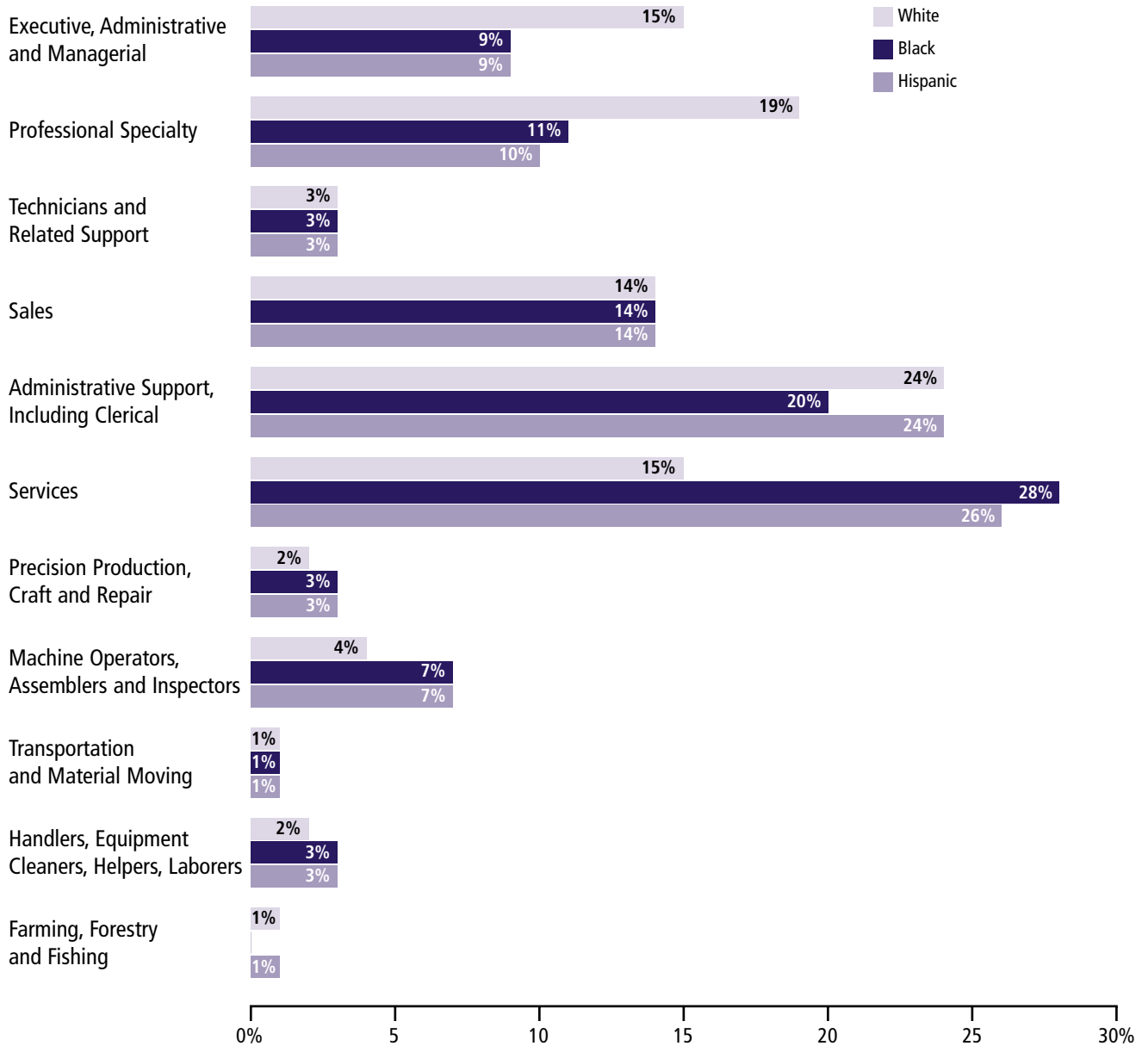
Source: Current Population Survey, March 1999 (Linda Swanson)

High-skilled, blue-collar trades (construction trades, mechanics, and highly skilled factory work) comprise the largest occupational group for Hispanic and white men, and the second largest for black men. Still, blacks and Latinos are concentrated in low-skilled service jobs and the semiskilled and low-skilled blue-collar occupations, such as factory machine operators and assemblers, truck drivers, and laborers. White men, meanwhile, are more than twice as likely as minorities to hold managerial or professional jobs.

Figure 32

Women's work is...

Occupational distribution of women by race/ethnicity, South, 1999



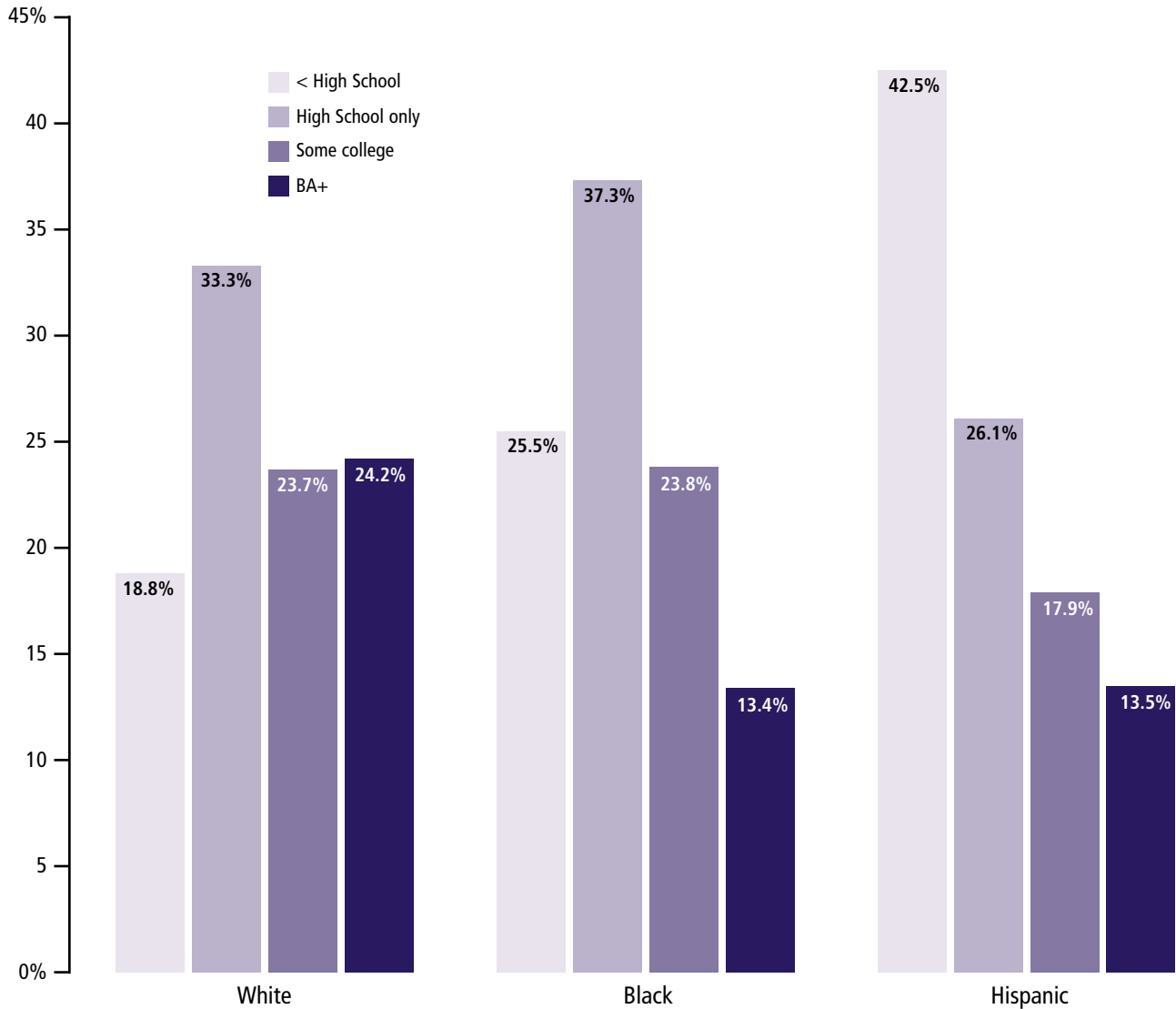
Source: Current Population Survey, March 1999 (Linda Swanson)

Compared to men, few women are found in the high-skilled blue-collar trades, while they are highly concentrated in service and clerical jobs. Black and Hispanic women have almost identical occupational patterns: They are concentrated in service work, followed by clerical work and then sales. Clerical jobs employ the most white women, but a substantial and growing number of white women hold professional and managerial jobs.

Figure 33

Low college attainment for blacks and Hispanics

Educational attainment by race/ethnicity, Census South, 1998, ages 25+



Source: Current Population Survey, March 1998

While nearly one in four white Southern adults has a bachelor's degree, the figure for blacks and Hispanics is only 13.5 percent. A high proportion of Hispanic adults — more than four out of ten — have less than a high school education. Black and Hispanics will comprise an increasing portion of the future workforce, and their education level will determine, in part, the future economic health of the region.

arrivals have had an especially profound effect on small towns and rural areas. Low-paying jobs in poultry and pork processing, in furniture, hosiery, and in farm labor have attracted immigrants to many rural communities.

These communities struggle to allay cultural tensions and provide services to new residents with different language and culture, while public schools strain to accommodate and serve increasing numbers of non-English-speaking children. Since most of the South has not previously experienced large-scale immigration from foreign cultures, the region has not developed many of the mediating community institutions that can ease integration of new neighbors, which will be a major civic challenge.

The continued prosperity of new-economy cities — and indeed, the prosperity of their states and the entire region — depends on their remaining livable as they cope with rapid growth. These metro areas are struggling with environmental issues from dirty air to water shortages. They are dealing with a lack of affordable housing, with growing gaps between rich and poor, with inner-city decay, and with population growth and sprawl that overburden highways and schools. Residents of many rapidly growing metros are tied more by commerce and highways than by a civic identity or common history, and as disconnectedness increases so too will the difficulty of addressing these community challenges.

The challenge before Southerners is at once sweeping and exhilarating. It is to ensure that the region's prospering places and people continue to thrive, while helping the people and places that are falling further behind gain the capacity to adapt and flourish in a rapidly changing economy.

Regional Challenges, Regional Opportunities



And as the years pass we must constantly examine our institutions and schools, seeking always those innovations that will enable us to build strength on strength. I am for a system that does not neglect anything or anybody.

— Terry Sanford

Over the past two decades, the South has achieved unprecedented prosperity as it outpaced the nation in both population growth and job growth. Nevertheless, in today's economy, when information can travel in an instant from Bangkok to Baton Rouge, the region faces two crucial and inter-related questions:

How can the South take advantage of the change and churning brought about by globalization and high technology? And how can the region equip people and places that are threatened by the dynamics of globalization to seize opportunities offered by the new economy?

More than 30 years ago, Terry Sanford, the former governor of North Carolina, worked to prepare Southerners for the transition to the age of industrialization. As the region enters the telecommunications age, his admonition

takes on even greater urgency: that we must update institutions, foster innovation, and neglect nobody. We will cripple ourselves if we fail to adapt civic and educational institutions to modern-economy needs, or fail to treat each of the South's people as an important asset, or fail to invest in people with fresh ideas.

We call upon leaders in business, education, philanthropy, and government to awaken to the compelling evidence that much of the South is not well prepared to succeed in the global economy. Even as the region has emerged from three decades of economic and social change, sometimes wrenching, the South must equip itself for continuing upheaval.

New-economy forces will continue to affect us in ways we cannot always predict. The region will need flexible mechanisms for dealing with change, and discovering those vehicles is the joint work of leaders in the private, non-profit, and public sectors.

A set of compelling facts emerges from the data in this report:

- **New technologies are changing the foundations of our economy.**

“Technology” isn’t a business sector separate and apart, but rather is an integral part of everything from industry to government to education. As a result of recent changes in information technology and other improvements, the South has an opportunity to leapfrog ahead in its development and flourish in the new digital economy. This will happen only if we prepare our workforce, encourage innovation, and provide the necessary infrastructure.

- **The traditional “beginning” and “ending” to education no longer apply.**

The South must change how it thinks about education, recognizing the necessity for continuous learning in a highly competitive global economy. The “more education” theme has emerged before in *The State of the South* series, but in today’s rapidly changing environment it is more critical than ever. We must not shortchange our current or future workforce by setting low expectations. We must provide education and training that enables people of all ages and walks of life to navigate the changing world of work.

- **Economic progress is not fully reaching African Americans and Latinos.**
 The growing black and Latino middle class has enriched the South and provides increasing leadership for a stronger civic culture. Still, data continue to point to deficiencies in educational attainment and in job opportunities available for blacks and Latinos. Such gaps are unacceptable and must be eradicated — the new economy demands a skilled labor force, and the labor force will increasingly consist of African Americans and Latinos.
- **Political boundaries and economic reality do not match.**
 For cities enmeshed in worldwide commerce, economic boundaries have changed. These metros sprawl across city, county, and state lines — their markets, labor forces, suppliers, and customers are all over the globe. We cannot let old lines on a map interfere with collaborative planning and decision-making that is increasingly essential to governing new-economy cities and keeping them competitive. Since the economy of the world and the region is increasingly dependent on new-economy cities, the South must help its pacesetter cities stay on the leading edge of knowledge development, innovation, and entrepreneurship while positioning more metro areas for new-economy success.
- **Places that remain disconnected from the new economy will become increasingly stagnant.**
 We must enable rural communities to make the transition from a natural resource and low-end-manufacturing economy to the digital age. Connecting rural areas to economic activity, be it to a nearby economic center or to a burgeoning sector of the new economy, is critical to rural economic survival and requires rural communities to collaborate regionally for success.
- **The rapid flow of people into the South is changing the social fabric of our communities.**
 Because the South’s economic future will increasingly depend upon blacks’ and Latinos’ full participation in economic and civic life, it is urgent that the region continues to mend its historic black/white divide and simultaneously to resolve new tensions arising from immigration. Civic leaders must be more creative about — and more committed to — developing communities that capitalize on all of our human and cultural assets.

As the South enters the 21st Century, it faces both old challenges enduring from its days as a low-wage, low-skill region and new issues emerging from the new economy. The South built its education, economic development, and civic institutions to function in a different economic and cultural context. Today, these institutions must change to help the region thrive in an era of new, constantly evolving technological and global influences.

The trends highlighted in this report demand a variety of responses, adapted to the diverse conditions and aspirations of the South's states, cities, and counties. As Southern decision-makers and opinion leaders consider how to focus efforts and restructure the region's institutions to respond, we offer an outline of critical issues that must be addressed for the South to overcome its challenges and seize the opportunities of the 21st Century.

The South must create more jobs.

Targeting lagging regions:

Because some areas of the South, especially rural communities and inner cities, have unacceptably high levels of unemployment and underemployment, job creation efforts should target distressed areas. Defining assets upon which to build local economies for long-term success is essential. Rural, low-growth counties should join in regional partnerships to achieve critical mass for successful development efforts.

Economic foundations:

Southern states must provide the infrastructure and preparation necessary for increased job opportunities. Such infrastructure still includes water and sewer as well as roads that link isolated rural and inner-city communities to new centers of economic activity. With telecommunications infrastructure so vital in the new economy, states must adopt strategies to assure broadband connectivity to all corners. Systems of literacy instruction and workforce training, coordinated through one-stop centers, are key elements of job creation, and state agencies must marshal their resources in a united fashion.

The South must create better jobs.

Higher skill, higher wage:

Throughout the South, too many working people remain poor. The Southern states must intensify their efforts to increase higher-skill, higher-wage-and-benefit jobs by focusing economic development incentives and assistance on businesses that create high-productivity, higher-wage jobs.

Competitiveness:

Traditional Southern industry is highly vulnerable to international competition. The region cannot compete with the world by emphasizing low-cost labor and land; its prospects depend on increased innovation, high skills, and brainpower. We must invest in the institutions that create and deploy knowledge because they enable creation of better jobs in the long term. And, as it shifts away from its traditional industries, the South must emphasize production and export of higher-value-added goods and services.

Economic engines:

New-economy cities are leading the region's economic progress, and we must maintain their momentum while building the capacity of less vibrant cities to be engines of high-wage, high-skill job creation. Cities can position themselves to excel in the new economy by capitalizing on their competitive advantages.

The South must educate all its people to thrive in the modern economy.

Always learning:

The global economy demands that workers be adaptable, know how to learn, and stay current as technology and job requirements change. It calls for continuous learning from early childhood through retirement. Both the public and private sectors have responsibilities to ensure that: every child starts school ready to succeed; K-12 education prepares all young people for college and productive work; postsecondary institutions are responsive to students and workplace needs; public job training programs effectively link people with better jobs; and working adults have opportunity for education and skills upgrading.

Community colleges:

By nature adaptive institutions, community colleges must become even more flexible and responsive to meet increasingly diverse needs — the college graduate seeking new occupational skills; the high school dropout looking for a second chance; the recent immigrant seeking new opportunity; the factory worker whose plant shut down; the adult who is turned off by the notion of “school” but without further education is stuck in a dead-end job or faces layoff. States must provide flexible funding that enables community colleges to serve this wide range of education and training needs, to utilize distance learning and other current technology, to partner with businesses to develop appropriate training programs, and to market themselves actively to potential students in underserved populations.

Talent pool:

Without a well-prepared workforce, the South will struggle to create better jobs. If the workforce is not well prepared, either high-wage positions will not be created, or they will be filled by workers from outside the region. Despite the South’s low proportion of jobs in knowledge-intensive sectors such as information, professional/scientific/technical, and high technology, employers have trouble filling many of these jobs. For the continued growth of these and other desirable sectors, our schools, colleges, and training programs must prepare more people for high-skilled jobs.

Partnerships:

Business leaders and educators must create strong partnerships to define the skills needed in the new economy, to build support for more-effective education, and to upgrade workers’ skills. Businesses must communicate what skills they need, they must keep teachers and counselors informed about the changing workplace, and they must help schools develop creative learning opportunities that introduce students to the workplace. Businesses also have a responsibility to support further education, training, and opportunities for advancement for their own employees.

Equity:

Our schools must provide high-quality education for all children regardless of their ethnicity, their parents’ income level, or whether they live in a rural or urban community. We must increase high school graduation, college enrollment, and college graduation rates among all Southerners and eliminate the

disparity between whites and African Americans and Latinos in attaining bachelor's degrees. This calls for providing strong academic preparation and guidance starting in the early grades and ensuring that no one is prohibited from attending college because of cost. More students, especially women and African Americans and Latinos, should be encouraged to pursue math, science, and other academic fields that open the door to rewarding careers.

Immigrants:

We must address the education and training deficits of many recent immigrants. Flexible course offerings, teacher training, and education in the workplace are required to develop the skills of this growing segment of our workforce. Community colleges, grassroots organizations, employers, and churches all have roles to play in English language instruction, skills training, and outreach partnerships, which are critical for people who are unfamiliar or uncomfortable with public institutions.

The South must create pathways to economic opportunity.

Job links:

We must create connections to employment and opportunities to move up the career ladder for people on the fringes of the economy. Essential connections to employment include outreach, training, support services, and follow-up, which can be provided collaboratively by public agencies, community organizations, community colleges, and employers.

Youth:

Young people, especially those in rural, inner-city, and low-wealth communities, must understand the connection between education and job opportunities — they need more than a high school education to attain a middle-class standard of living, and the premium for a college education is increasing rapidly. Business/education partnerships and youth development programs must provide young people with exposure to and exploration of a variety of careers and with the personal support, academic preparation, and career guidance to meet occupational requirements.

Breaking barriers:

We must knock down the cultural, social, and educational barriers that trap many people of color and women in lower-wage jobs. Schools, colleges, job training programs, and employers should encourage more women and minorities to pursue careers in technical fields where wages are high and job openings abound. We must change the culture of low expectations in our schools and workplaces — they constrain too many people, particularly those most at risk in a changing economy. We must also strengthen community development and grassroots organizations that work to erase racial, ethnic, and gender stereotypes.

The South must foster the discovery and application of new ideas.**Universities:**

Universities must lead in fostering critical thinking and the development of new ideas. They are the institutions charged with creating and transferring knowledge, and in the new economy they are more important than ever. Government, business, and philanthropy must work with universities to define areas of research deemed most critical to the South's continued progress and provide special funding for programs of study and research in these areas.

Specialized talent:

Universities must educate more students, especially at the graduate level, in those areas deemed critical to the South's future. Universities must make students aware of programs of study designed to meet critical needs, and states should provide special incentives to encourage enrollment in these fields, especially for African Americans and Latinos.

Private R&D:

States should provide incentives to encourage businesses to undertake special research and development programs in areas deemed to be especially promising to the South's future.

Southern communities must have a strong civic culture.

Leadership:

Southern communities must broaden their leadership base to take advantage of all their potential assets. Just as successful businesses seek talent everywhere, successful communities seek talent everywhere, draw it out, and put it to use. Civic organizations, nonprofits, and community groups must do the same by recruiting and training emerging leaders across lines of race/ethnicity, gender, class, and geography.

Civic ventures:

Business, government, education, philanthropy, and nonprofits must join in partnership to create vehicles for community problem solving. Many communities understand their challenges but falter in devising and implementing effective responses. Civic partnerships should convene community members to work together, creating a new culture of broad-based collaboration that will build the community's capacity for solving problems.

Civic skills:

In a global, technological age, the South needs to educate its young people not only to heighten their abilities as productive employers and employees, but also to prepare them for active civic engagement. We must nurture the social and civic skills necessary for democratic decision-making, problem solving, and community building.

Inclusiveness:

In the past, segregation was part of the fabric of the South's low-skill, low-wage economy. Today, the global economy requires that we work to eliminate social strife, which contributes to economic stagnation. Successful communities encourage participation across race and ethnic lines.

The trends spotlighted in this report tell a lot about what the South has become. The region is stronger than ever economically, but it also has growing gaps between its rich and poor and between its sprawling new-economy cities and its distressed rural communities. The South has discarded Jim Crow, but it

faces the twin challenges of resolving lingering black/white divisions and of assimilating new immigrants who are rapidly creating a multiethnic South. The region offers more education to more of its people than ever, but now it must gear up for the lifelong learning demanded by a dynamic, high-tech economy.

The South has progressed when it has produced enlightened political and civic leaders. Now, it needs a generation of leaders to provide a new vision to guide the region in the global economy.