

# CU economist sees positive signs for state

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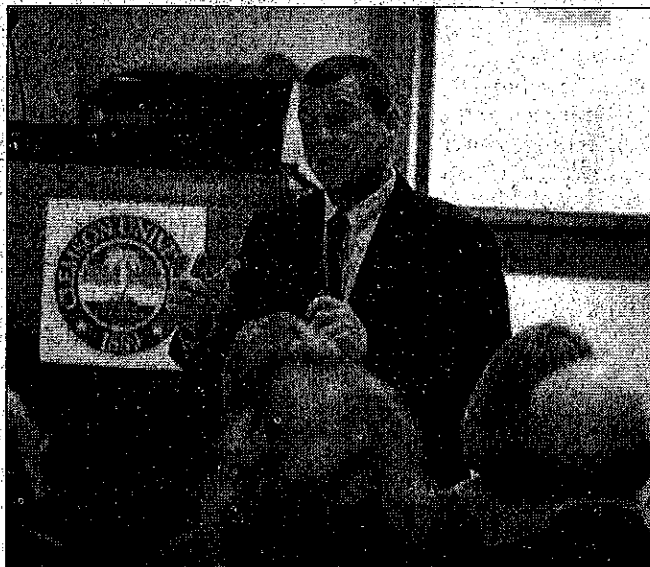
CLEMSON — A robust employment environment and continued growth in the manufacturing, health, leisure and hospitality sectors have a Clemson University economics professor optimistic about the 2016 economic outlook for the Upstate and South Carolina as a whole.

“Overall, the economic outlook here is upbeat for 2016,” said Scott Baier, economics professor and director of the BB&T Center for Education and Policy Studies at Clemson. “I see South Carolina and the Upstate exceeding the anticipated national economic growth of 2.5 to 3 percent and unemployment here may be under 5 percent by year-end.”

Baier said a number of factors are contributing to his optimism, including continued growth in manufacturing here, which includes well-paying jobs.

“Nationally, employment growth in manufacturing has been flat, but that isn’t the case in South Carolina,” Baier said. “We’ve had a long history of manufacturing here, especially in the Upstate, and we’ve brought in more high-tech manufacturing. Add to that the state has been very aggressive in attracting producers and the result is a growing labor force.”

South Carolina is attractive to manufacturers for a variety of reasons, Baier said. Potential employers see locating in a right-to-work state as an attractive draw. But right to work



SPECIAL TO THE JOURNAL

**Clemson economist Scott Baier sees positive signs for the state’s economy in 2016.**

doesn’t mean substandard compensation as many of the new jobs are with employers who pay well.

“The other thing that’s attractive to an employer considering locating here is the flexibility in finding and retaining employees,” Baier said.

The security of having a job can have a ripple effect on consumer spending and bring a boost to a number of other industries, including housing, Baier said.

“As residents here feel comfortable with job security and continued employment, housing construction should continue upward in the Upstate,” he said.

Unlike nationally, the size of the labor force in the Upstate and the state as a whole is increasing, Baier said.

“People are migrating here for a variety of

reasons,” the economist said. “For some, it’s an aging population wanting a more desirable climate. Quality of life and cost of living also are draws as the price of land here is considered very reasonable.”

A factor that’s driving the positive outlook for health care in the Upstate is its growing aging population. As their health care needs increase, expenditures increase and that industry should see growth, Baier said.

Consumer spending and personal income in the Southeast have followed the national average in recent years, about 2 percent annually, Baier said.

“Though modest, salaries and wages have grown here while inflation has been relatively low, including food and energy prices,” Baier added. “We shouldn’t expect

energy prices to continue falling, but wages should continue to increase, thus helping lift real personal income, which will benefit consumer spending in 2016.”

Baier said two unknowns that could affect the nation and South Carolina’s economic fortunes are the price of oil and interest rates.

“Normally, falling oil and gas prices are a good thing,” Baier said. “Currently, there is concern in the financial sector about the low cost of gas and oil. Oil prices and how they are related to the U.S. debt structure could create problems down the road.”

Baier also said the Fed’s recent interest rate increase raises questions about how those rates will be managed and navigated to a normal level without sending the economy back into a recession.