

Faster state job growth in 2011

Pace less than normal, economists say, but better than this year

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COLUMBIA—Growth in service industries and durable goods manufacturing should help boost employment in the Upstate and Charleston next year, economists with the University of South Carolina said Thursday.

They were less confident about Columbia, whose government-heavy economy faces additional state budget cuts.

Statewide, USC economists Doug Woodward and Joey Von Nessen predicted 1.2 percent job growth next year, compared to 0.1 percent this year.

"This is the best year we're going to see in the last three years," Woodward said.

Still, they said the state's jobless rate will be slow to fall from its current 10.7 percent, and it will take years for employment to return to its pre-

recession level.

They made the predictions during the 30th annual Economic Outlook Conference at USC's Moore School of Business.

Zoltan Acs, chief economist for the U.S. Small Business Administration, attended the conference.

Woodward and Von Nessen said the manufacture of durable goods — those lasting at least three years — should create jobs in the Charleston area, where The Boeing Co. is building a new aircraft plant, and the Upstate, where the BMW plant is expanding amid improving auto sales and ZF Friedrichshafen AG plans a new transmission plant in Laurens.

"Consumers are spending," Woodward said.

"They're going to be spending it on autos. Automakers know that. That's going to create

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jobs."

And South Carolina's auto industry is larger than it was during the last expansion, he said.

Woodward and Von Nessen also predicted growth in personal income and retail sales and said construction would drop again before hitting a 3.7 percent growth rate late next year.

Woodward said a 1.2 percent increase in jobs would be better than recent years but is still below normal.

"In a good year, we're creating 3 percent, 4 percent," he said.

The economists said Federal Reserve Chairman Ben Bernanke's \$600 billion quantitative easing and a 2 percent cut in the payroll tax could boost growth higher than their predictions.

Woodward and Von Nessen said their forecast proved accurate last year when other economists' didn't.

Last year, they predicted job growth of 0.2 percent in 2010, 3.3 percent growth in personal income and an unemployment rate of 11.2 percent.

The actual figures turned out to be 0.1 percent job growth, 3.4 percent personal income growth and an unemployment rate of 11.3 percent, the economists said.

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