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South Carolina economy grew in 2008, despite recession

COLUMBIA (AP) — A new federal report shows South Carolina's economy grew last year, despite the recession, but experts say there are more challenges to come, a newspaper reported Wednesday.

The report by the U.S. Bureau of Economic Analysis said that South Carolina's gross domestic product increased 0.6 percent in 2008, to $127 billion, according to The State of Columbia.

The gross domestic product is the total value of all goods and services produced in the state. The national increase was 0.7 percent, to $11.5 trillion.

Last year, South Carolina lost production in construction, manufacturing and the financial sector. But other job sectors held steady or grew enough to allow the state to post the slight increase.

One expert who tracks the Carolinas' economy called the growth somewhat of a surprise.

"It's a little surprising given the deterioration we've seen in the other economic data for the state," said Mark Vitner, senior economist for Wachovia in Charlotte. "Things are not as universally bad in the Carolinas as they appeared to be. There's no doubt we're in an extremely challenging period, and the Carolinas are going to continue to be challenged for the next 12 to 18 months."

South Carolina ranked 46th in a category that charts standard of living, with a state per capita GDP of $28,364 — among the lowest in the nation. That was a one-percent decline in the per capita number. One expert said it fell because of population growth, which isn't a problem by itself but would be troublesome if there are several slides in a row.

"When GDP per capita declines it means growth is not paying for itself," said Wachovia senior economist Mark Vitner. "People don't have enough money to cover their bills."

An increase in sectors that make and produce more expensive products — like the high-tech industry — could help change that trend, says Angel Earle, a senior research analyst at the state Department of Commerce.

"Those industries that are creating that work force have increased at a higher rate than the rest of the country," Earle said. "Growth in those industries will bring the change you want."