

Some good news for SC amid economic shadows

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It's a gloomy time of year, so it is a welcome ray of sunshine to read about the vigorous health of South Carolina's economy.

S.C. Department of Employment and Workforce Executive Director Dan Ellzey reported the good news last week: South Carolina set a new record in 2021 for the largest number of people working in the state's history.

The 2,320,717 individuals working in December outnumbered the pre-pandemic peak of employment by more than 21,000 people. And it was almost 100,000 more than in December 2020, demonstrating that the state's economy has bounced back very quickly in a strong V-shaped recovery.

The unemployment rate — the portion of the workforce that is actively seeking employment — has not returned to the record lows of 2019, but it continues to fall and was at a near-record 3.5 percent in December.

Another piece of good news is that wages have increased in the state by about 7.5 percent since the beginning of 2020, Mr. Ellzey said, suggesting that on average South Carolinians have kept ahead of inflation.

Wages have increased in some industries by more than 15 percent in the past two years, he added. Those include education, health care, construction and leisure and hospitality.

Because of normal seasonal changes and the impact of the COVID-19's omicron variant, January employment figures might not be as strong as December's. But assuming infections continue to level off and then

start to fall, the impact of the virus here is likely to peak soon, and our economy can be expected to resume its growth by spring. After all, there are jobs available, with more than 100,000 unfilled positions posted in SC Works Online Services.

The rebound of manufacturing in the state has been a factor in our speedy recovery. South Carolina for years has punched above its weight in manufacturing; our state ranks No. 23 in the size of its population, but we were ranked No. 10 in manufacturing by Global Trade magazine in September 2019.

The strong performance of the state's economy in the past decade, with the exception of the pandemic shutdown of 2020, can be attributed to South Carolina's nation-leading technical college system and an industrial policy that attracts businesses.

There is one shadow hanging over this picture: inflation and the steps the Federal Reserve Board might take to fight it. On Wednesday, the board announced that it continues to believe it can maintain full employment while bringing inflation down from 7 percent in December to something closer to 2 percent this year.

The financial markets seem to think the Fed will start tightening in March. The Fed has not said how fast it will tighten, and Chairman Jerome Powell said the board must remain "nimble."

A lot is riding on how deftly the Fed navigates this problem. Any missteps, and we might see both a recession and continued price increases later this year. But for the moment, the sun is shining on South Carolina's economy.