

By Dr. Mike Walden: It's that time of year again for predictions about the upcoming year. In my case, of course, these will be forecasts for the economy. Here are seven predictions I think have a reasonably good chance of happening in 2021.

1) The aggregate economy will be better in 2021 than in 2020. This is a fairly easy call. It looks like total production of products and services will drop four or five percent in 2020. Most of the damage was done in the spring, and the economy has rebounded nicely in the second half of the year. However, the resurgence of the virus at the end of 2020 and the re-emergence of some economic restrictions in the country will cause growth to be slow, or slightly negative, at the end of 2020. Still, with most of the population expected to be vaccinated for COVID-19 by mid-2021, the economy should grow during the year, perhaps by as much as five percent. However, this growth rate won't return the economy to pre-pandemic levels because it will be applied to a smaller initial base.

2) Unemployment will drop, but not all the way. A little more than half of the jobs lost from the COVID-19 recession have been recovered. The official unemployment rate has fallen to near six percent from the mid-teens levels in the spring. This is the good news. Yet in looking ahead to 2021's job market, there are several worries. One is the jobs that have come back have not all been the ones that were lost. Businesses are revamping their hiring and shifting away from tasks requiring in-person contact. This means many jobless people today will need to take different jobs with different skill needs. Some companies will provide on-the-job training, but others will require formal training, such as at community colleges. There's also the worry about jobless people who aren't counted as unemployed because they haven't been actively looking for work. Counting them as jobless means the actual unemployment rate is closer to eight percent. A year from now the jobless rate will still be above five percent.

3) There will be upward pressure on inflation and interest rates. As the economy recovers and spending increases, the massive amounts of money the Federal Reserve has injected into the economy will recycle faster. If the quantity of products and services don't keep up, the situation described by the late economist Milton Friedman of "too many dollars chasing too few goods" will push the rise in prices (inflation) higher, possibly close to three percent. The Federal Reserve would likely respond by also raising interest rates.

4) Income inequality will widen. Rising income inequality has been a big issue in the 21st century. It results when incomes of top earners rise faster than incomes of lower paid earners. One of the reasons for the recent widening of income inequality is the replacement of many modestly-paid jobs by machines and technology. The pandemic will accelerate this trend.

5) Federal taxes will increase. Federal government debt – also known as the "national debt" – ballooned by over \$4 trillion in 2020, and another COVID-19 aid package could boost the amount to \$5 trillion. Add to this the facts that federal taxes were cut in 2017 and the new Biden Administration wants some new spending initiatives, and the stage is set for pressure to begin to "put the federal fiscal house in order" in 2021 by increasing federal taxes. The most likely candidates for hikes are the corporate income tax and the personal income tax rates paid by higher-income taxpayers.

6) North Carolina will out-perform the national economy. The North Carolina economy and people have suffered mightily from both the COVID-19 virus and resulting recession. Yet several metrics show job losses and deaths on a per capita basis have been much better than in many other states. This means North Carolina will come out of the pandemic with its reputation intact as a great state in which to live and work. In fact, the state's economic brand may be enhanced. Households and businesses looking to leave states where the pandemic was more devastating will see North Carolina as an option for a new home. I predict growth rates in both economic output and employment in North Carolina will be better than in the nation in 2021.

7) New economic opportunities will arise in North Carolina. There will be significant reshuffling of the economic deck after the pandemic that will create new industries and expand others. One area for growth is "supply chains". A supply chain is simply a set of companies making inputs – or supplies – for companies making final products you and I buy. In the pre-pandemic world many of these supply chains were in foreign countries. The pandemic taught us such supply chains can be vulnerable if a virus hits a foreign country, even if leaving our country immune. Consequently, there will be an effort to rebuild domestic supply chains. With North Carolina's large manufacturing sector, our state could benefit from investments in these chains.

Another need made obvious by the pandemic is to increase the nation's self-sufficiency in medical supplies, from gowns to masks to ventilators to medicines. With our state's tradition in textiles, manufacturing and pharmaceuticals, North Carolina is a "natural" for this production.

2021 will still be a challenging year. Even by year's end we won't be completely recovered from COVID-19. What will the 2021 economy look like? Do my seven predictions make sense? You decide.

* All events are subject to change because of the COVID-19 situation. You may want to seek confirmation of events.

Church News

ONGOING Virtual Services
At Church of Jesus Christ of Latter-Day Saints. Sundays 11-11:30am with Zoom: www.zoom.com or use Zoom app, click "join a meeting" and enter Meeting ID: 385 789 5966 Password: 699988. Or join via Zoom audio: 646-876-9923, same Meeting ID & Password. Questions & info 704-690-7577
HOPE Grief Support Group at Harmony Community Church, meets Tuesdays at 6:30pm offer-

Events

JANUARY 6 Free Groceries
For families in need Mobile Food Pantry at Austin Grove Baptist Church, located at 5919 Austin Grove Church Road in Marshville. Register 8-10am. Call for details 704-694-2445

ONGOING EVENTS Food Pantry
Free food every Wed, 9-11am at Burnsville Recreation & Learning Ctr. 704-826-8182

Free Food Distributed by Anson Crisis Ministries
Every Monday, Tuesday, Wednesday & Friday, 8am-1pm. It is located at 117 North Rutherford Street in uptown Wadesboro. Telephone is 704-694-2445

Food Commodities Food Distributed Free every Wednesday at 9am & 2nd Saturday of each month at 9am at Burnsville Recreation & Learning Ctr, Hwy 742N across from Burnsville Fire Dept. Info 704-826-8182

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Energy Efficiency Tip of the Month

Energy bills can increase during winter for a variety of reasons, like houseguests, more time spent at home, and shorter days and longer nights. Small actions, like turning down your thermostat, replacing old bulbs with LEDs and washing clothes in cold water can help you save.

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Volunteers Can Help N.C. State Archives Transcribe Historical Court Records

The State Archives of North Carolina is seeking volunteers who can help transcribe some of the state's earliest court documents. The State Archives staff has been digitizing colonial court records as part of a current grant project from the National Historical Publications & Records Commission. This program showcases some of the state's collections while engaging the public with hands-on activities that will increase the accessibility of archival records. Volunteers can visit archives.ncdcr.gov/researchers/transcribenc to begin transcribing.

These documents are among North Carolina's earliest historical resources, and the Archives needs help deciphering them so scholars can make sense of their contents. The handwriting can be quirky and the terms antiquated, so transcribing them will be much like solving a word puzzle. There are online resources to help volunteers get started at archives.ncdcr.gov/documents/transcribenc-colonial-court-records-resources.

A portion of the records have been grouped by subject, including indentured servants, slavery, marriage, and Native Americans, allowing volunteers to delve into a specific topic.

The records can be searched online at digital.ncdcr.gov.

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