SEPARATING THE WHEAT FROM THE CHAFF

IN A TORNADO OF CHANGE

PRESENTED BY

TED ABERNATHY

ECONOMIC LEADERSHIP

ECONOMIC LEADERSHIP

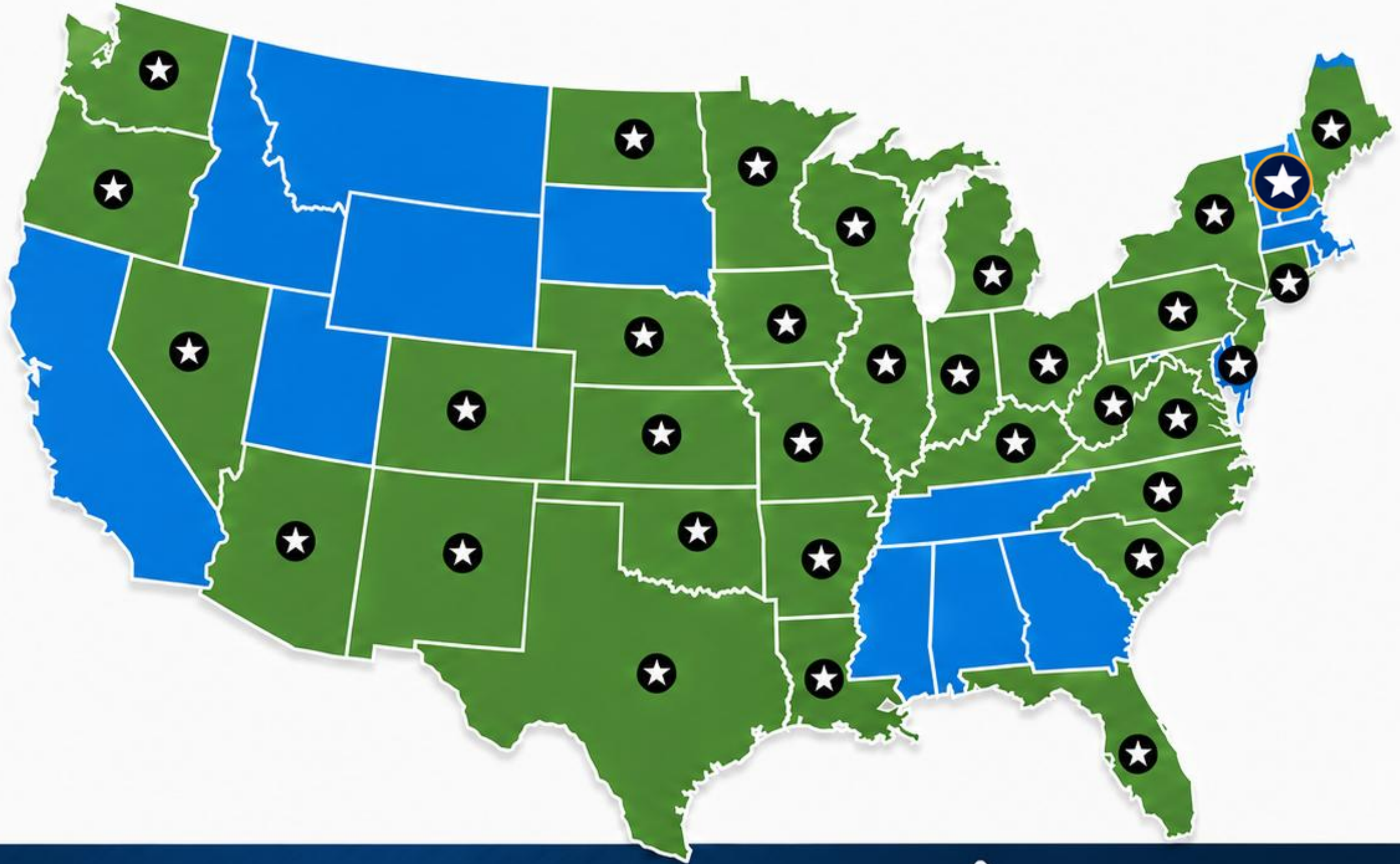
WE BUILD BETTER ECONOMIC LEADERS

INFORMATION FROM DATA-FORESIGHT-IDEAS-STRATEGY-SKILLS

ECONOMIC
LEADERSHIP

Current Economic Leadership Work

- Founded in 2013
- Working in 31 states
- Statewide & Regional Competitiveness and Workforce Strategies
- State Chambers Plans
- Locational Analysis
- Impact Analysis
- Corporate Communications
- Trendspotting
- Leadership Development



ECONOMIC LEADERSHIP


PERSPECTIVE


UNDERSTANDING
THE CURRENT ECONOMY
ECONOMIC
LEADERSHIP

Understanding the U.S. Economy

- Trade policy in constant flux & global response
- Federal spending policy
- Immigration policy
- Consumer response to uncertainty
- Business response
- Iran conflict
- Accelerating technology (especially artificial intelligence)
- 2026 Elections


Oscar Mayer
RESEALABLE
FULLY COOKED
Pumpkin Spice
Bologna
MADE WITH CHICKEN & PORK
& Pumpkin & Cinnamon
80
NET WT 16 OZ (1 LB)

TODAY'S ECONOMY IS NOT ONE STORY

It is several contradictory stories happening at the same time

GDP can grow.

Households can struggle.

Companies can prosper.

The job of leaders is not to choose a "perspective" narrative.

It is to separate the signal from the noise.

SEPARATING THE WHEAT FROM THE CHAFF

ECONOMIC LEADERSHIP

CHAFF

"Inflation is down — the affordability problem is ending."

WHEAT

Lower inflation means prices are rising more slowly. It does not undo the price-level reset.

THE NEXT COMPETITIVENESS BATTLE IS AFFORDABILITY:
housing • insurance • energy • health care • childcare

A STRUCTURAL SHIFT

CHAFF

"The labor shortage will disappear when the cycle turns."

WHEAT

Slower labor-force growth is structural: aging, lower fertility and tighter migration make people scarcer today and for years to come.

THE FUTURE QUESTION IS NOT JUST: HOW MANY JOBS CAN WE CREATE?
IT IS: WHO WILL FILL THEM?

CHAFF

"Manufacturing is coming back."

WHEAT

Some production is returning — but it will be more automated, capital-intensive, energy-intensive and very selective.

RESHORING DOES NOT RECREATE THE OLD FACTORY ECONOMY. IT CREATES A NEW ONE.

CHAFF

“Globalization is ending.”

WHEAT

Globalization is being reorganized away from efficiency, toward resilience, new allies, security, supply chains and strategic capacity.

**EFFICIENCY AND LOWER PRICES ARE NO LONGER THE PRIORITY.
RESILIENCE IS NOW THE ECONOMIC GOAL.**

CHAFF

"AI will eliminate work or AI will not have major impacts."

WHEAT

AI will eliminate tasks, redesign occupations and raise the premium on people who can use technology well. It will require massive upskilling.

THE BIGGEST AI STORY MAY BE PRODUCTIVITY — NOT UNEMPLOYMENT.

THE CURRENT U.S. ECONOMY-ONE SLIDE

RESILIENT — BUT LOSING MOMENTUM

Strong enough to keep growing. Uneven enough to feel much worse to many households.

1.5%
Q2 REAL GDP GROWTH
Growth continues — but slowed from 2.1% in Q1.

4.1%
UNEMPLOYMENT
Still low — but July payrolls fell by 23,000.

3.4%
INFLATION
Moderating — but the higher price level remains.

THE CONTRADICTION

The aggregate economy looks better than many Americans' personal economy.

AFFORDABILITY
Prices remain high; necessities dominate household budgets.

LABOR
Job creation is weakening as long-term labor growth slows.

PRODUCTIVITY
Increasingly the key to prosperity when workers are scarce.

CAPACITY
Energy, housing, infrastructure and talent are becoming constraints.

THE ECONOMY IS NOT WEAK. IT IS BECOMING MORE UNEVEN, CONSTRAINED, AND COMPLICATED.

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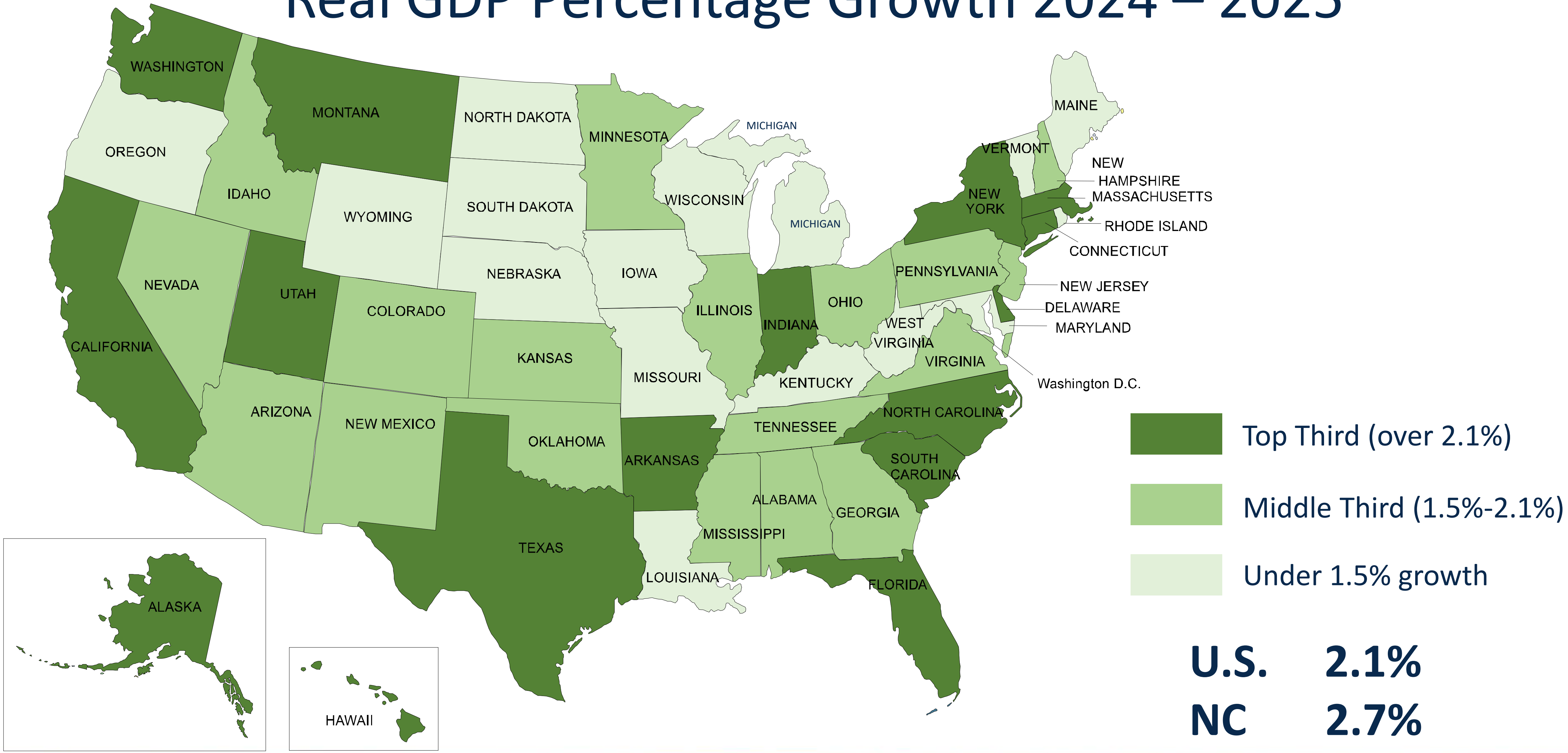
GDP
%
%
%
%
%
%
US GDP
3.5
3
2.5
2
1.5
1
0.5
0
2.9
2.1
1.5
Average 2016-2025
Projected 2026
Q2 2026

Real GDP Percentage Growth 2024 – 2025

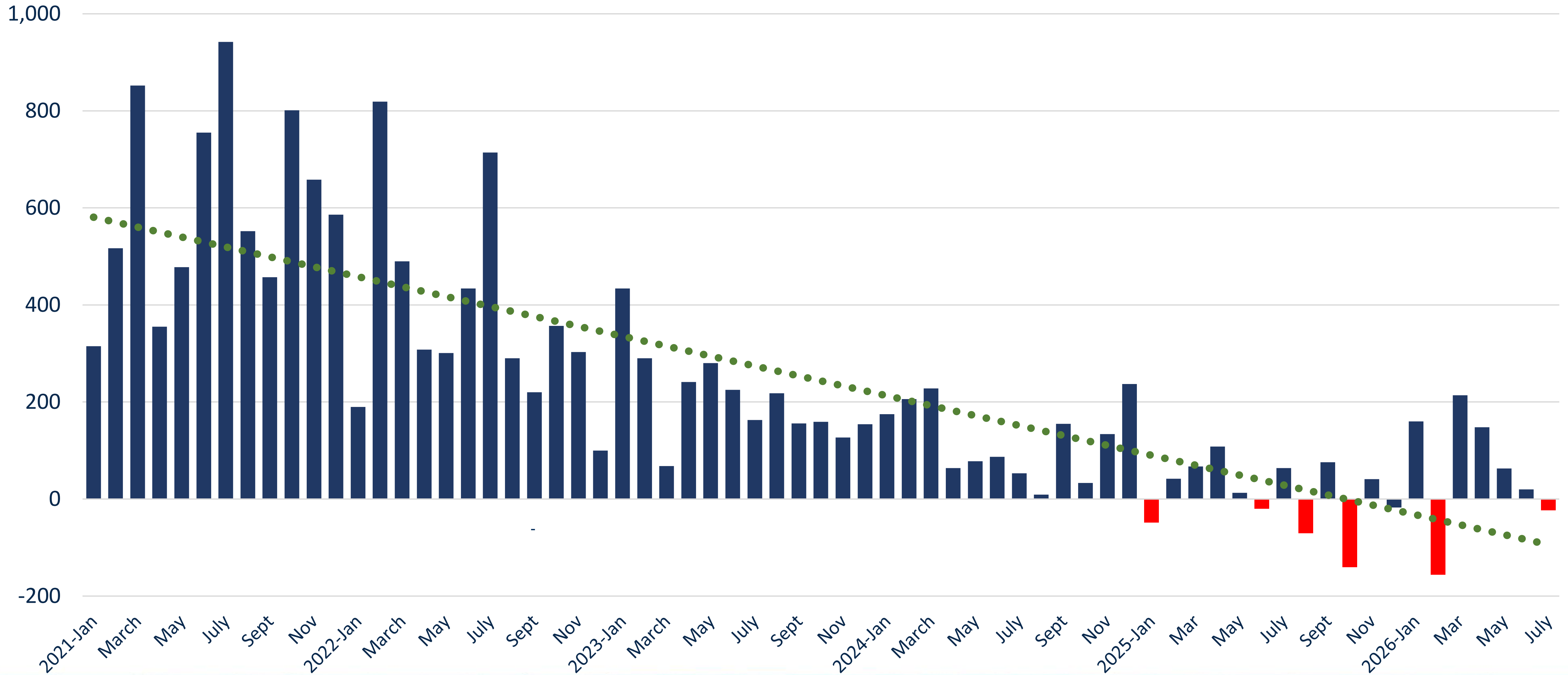


U.S. 2.1%
NC 2.7%

Source: US Bureau of Economic Analysis

ECONOMIC LEADERSHIP

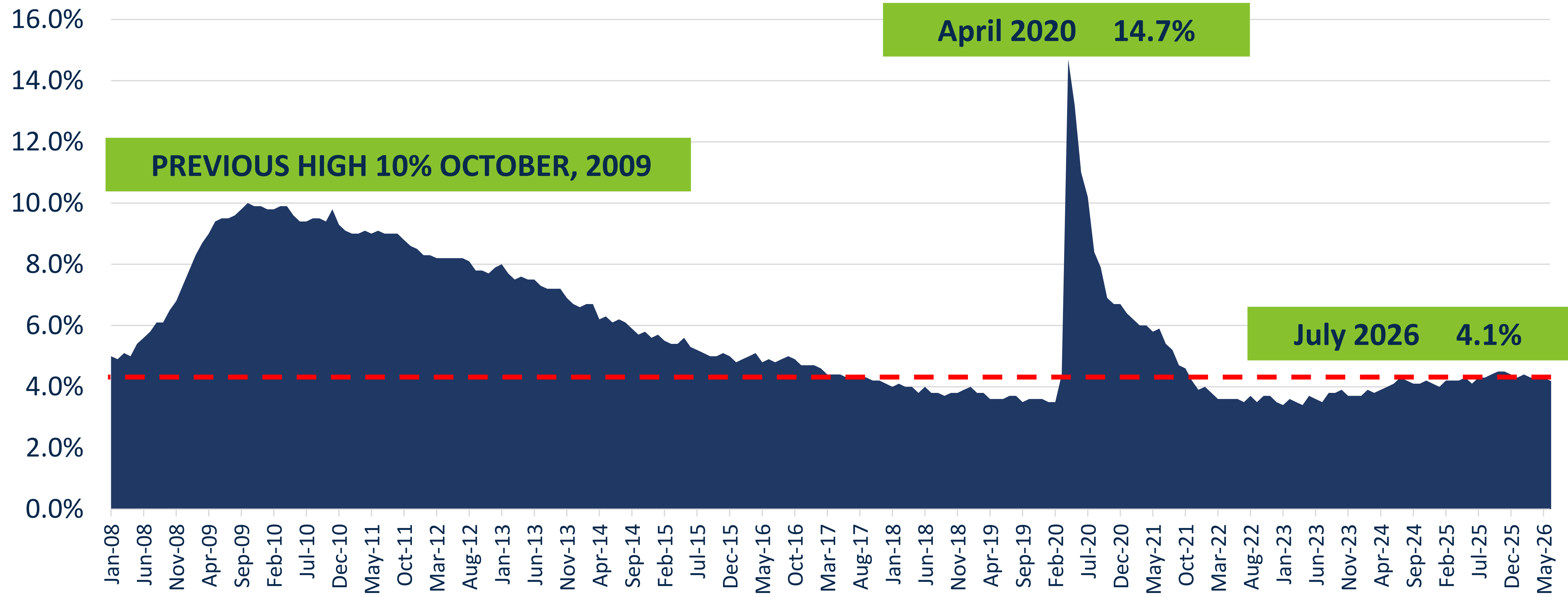
USA Nonfarm Payroll Employment (in thousands)



Source: US Bureau of Labor Statistics

ECONOMIC LEADERSHIP

U.S. Unemployment Rate

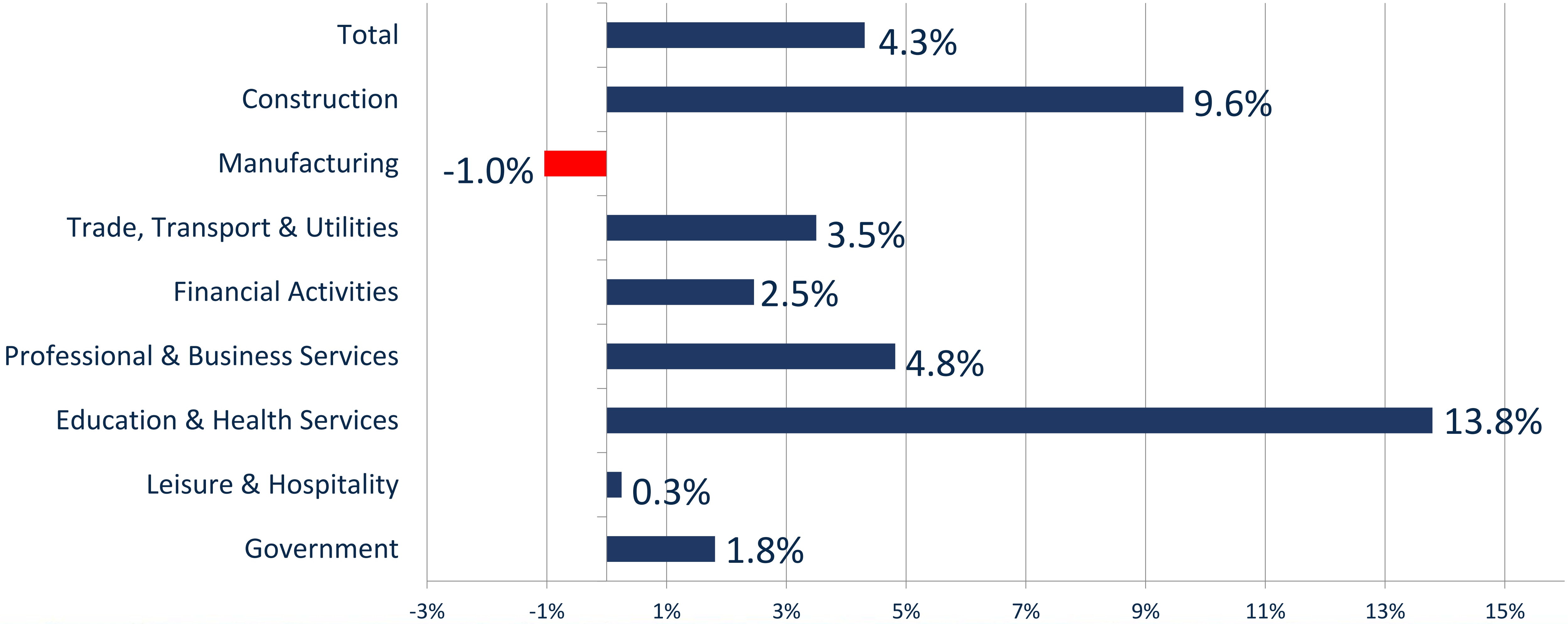


Source: US Bureau of Labor Statistics

ECONOMIC LEADERSHIP

U.S. Nonfarm Employment Change by Sector

February 2020 – July 2026



Source: US Bureau of Labor Statistics
Nonfarm Payroll Employment

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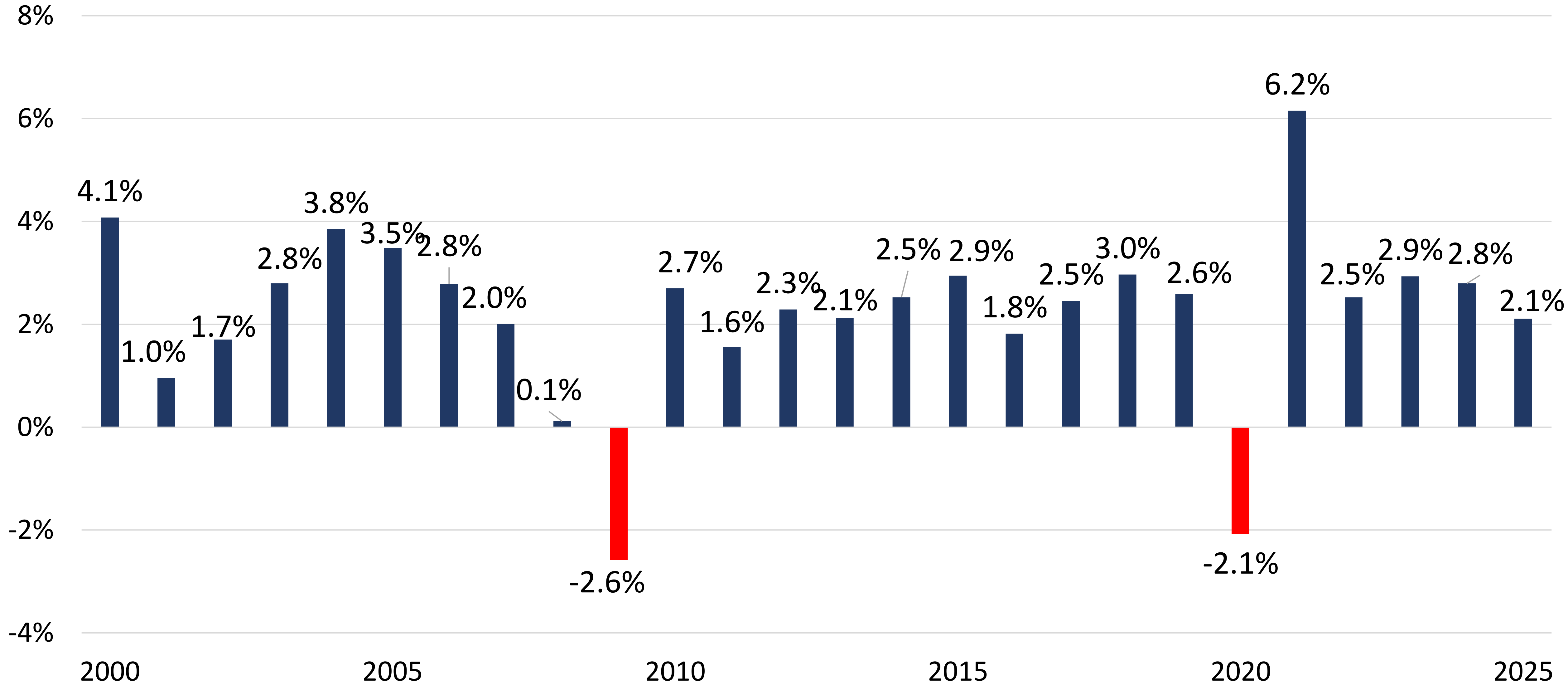
U.S. Manufacturing Annual % Change in Real GDP 2000 - 2025

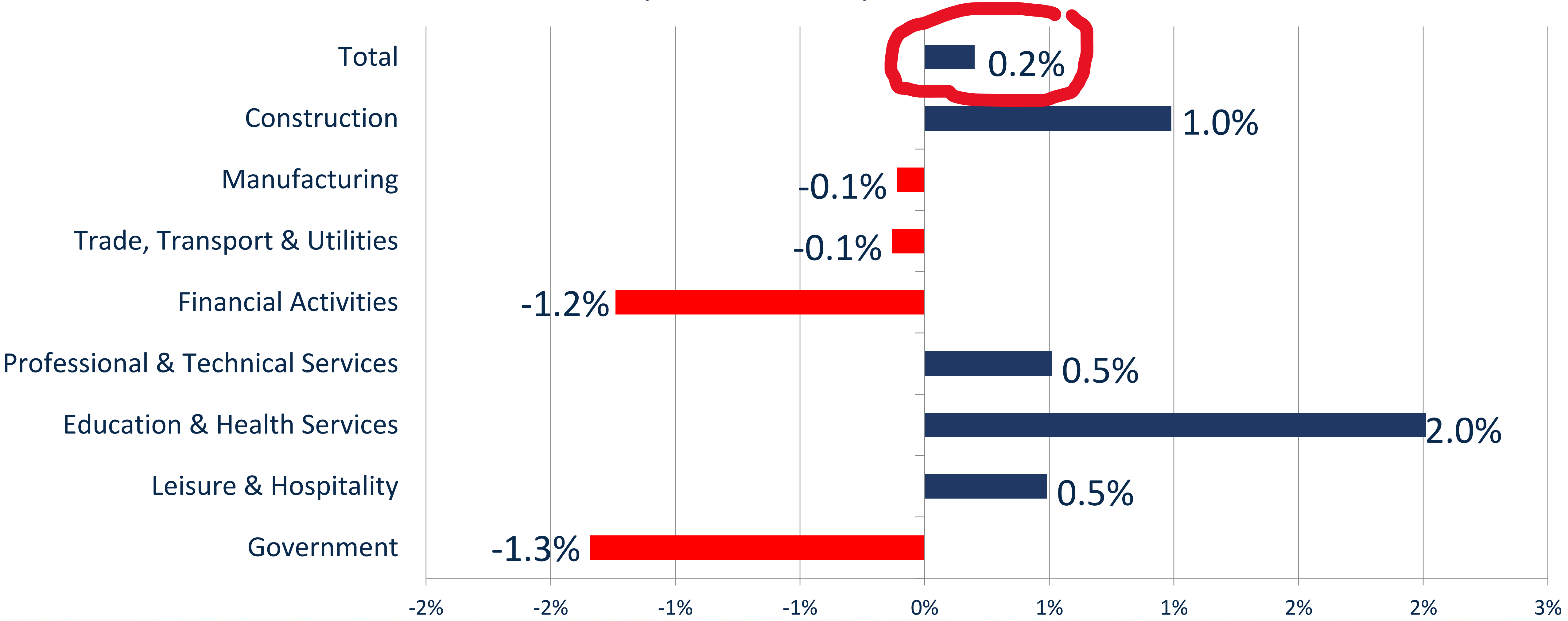


Source: U.S. Bureau of Economic Analysis SAGDP9

ECONOMIC LEADERSHIP

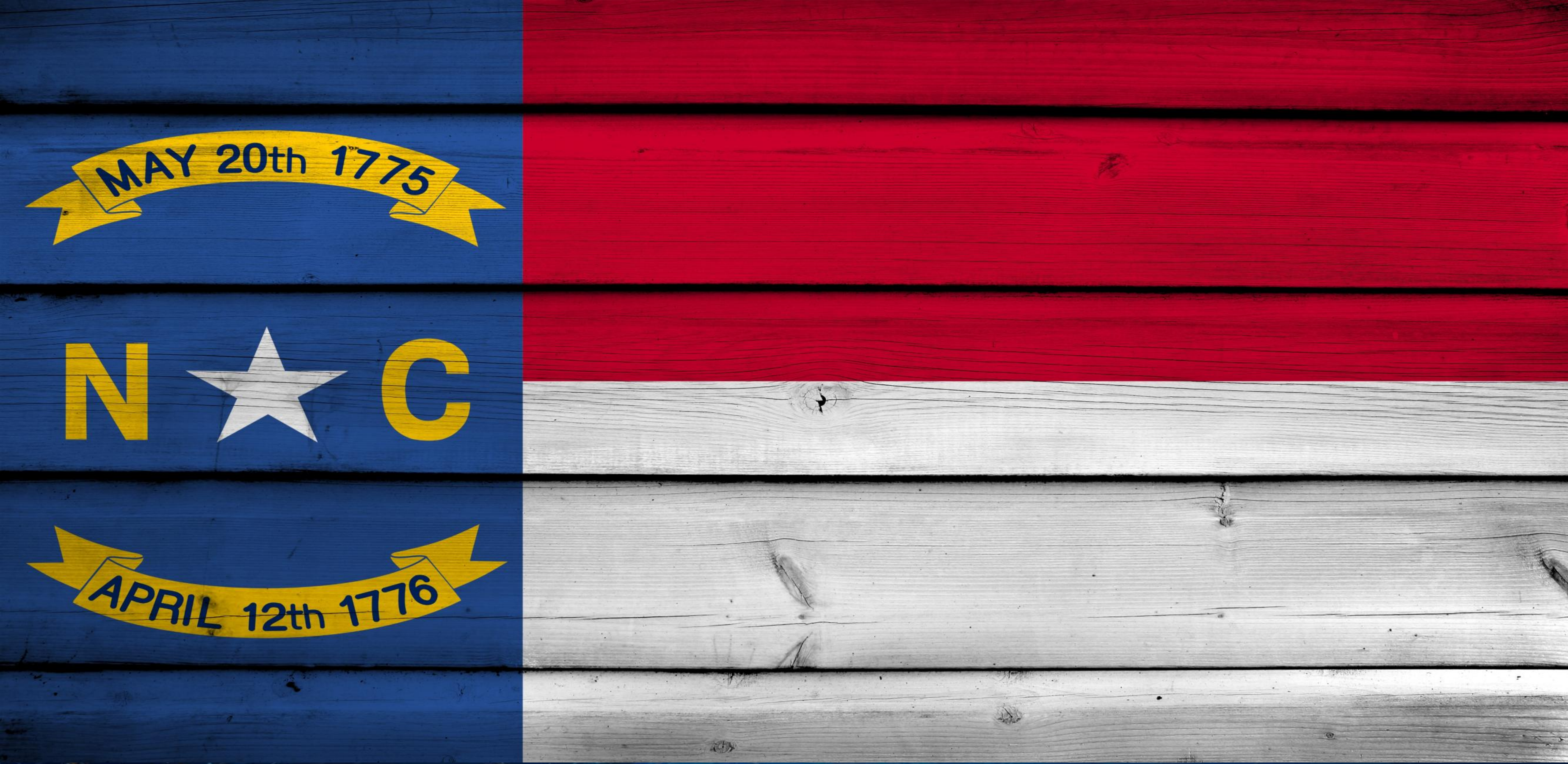
U.S. Nonfarm Employment Change by Sector

July 2025 – July 2026



Source: US Bureau of Labor Statistics
Nonfarm Payroll Employment

ECONOMIC LEADERSHIP



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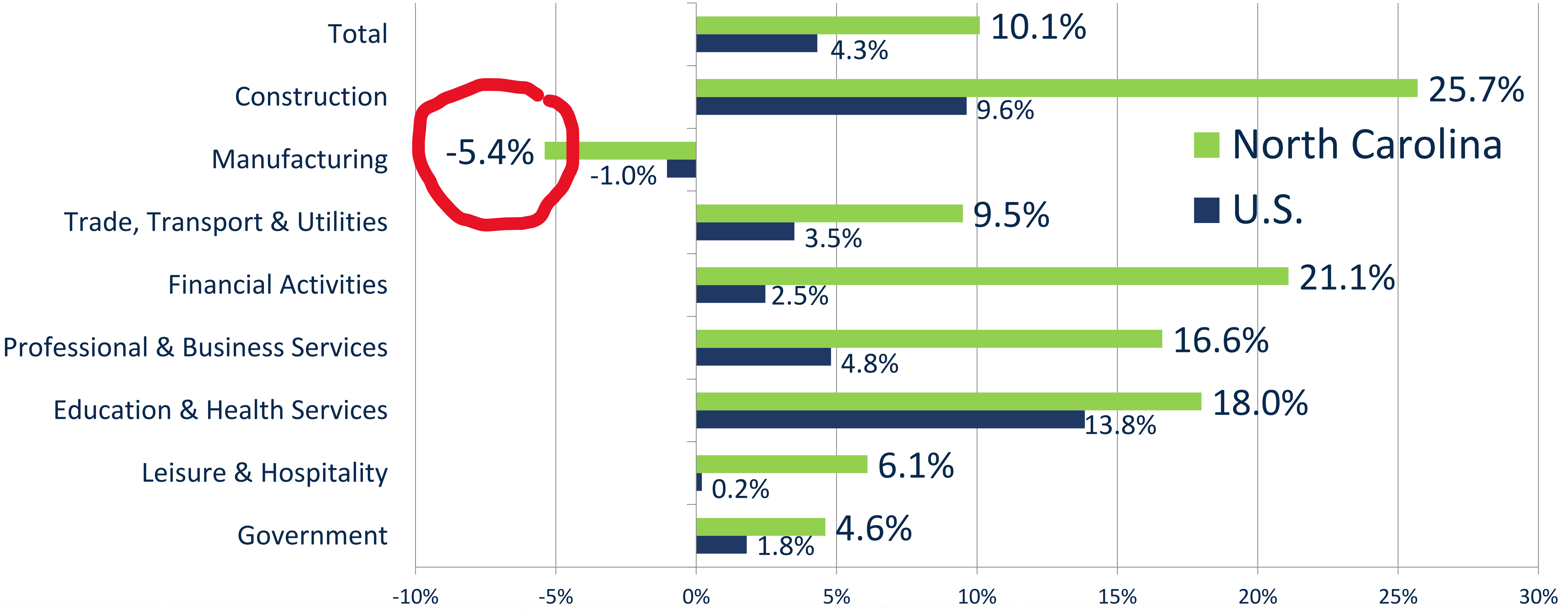
North Carolina & U.S. Nonfarm Employment Change by Sector

February 2020 – July 2026

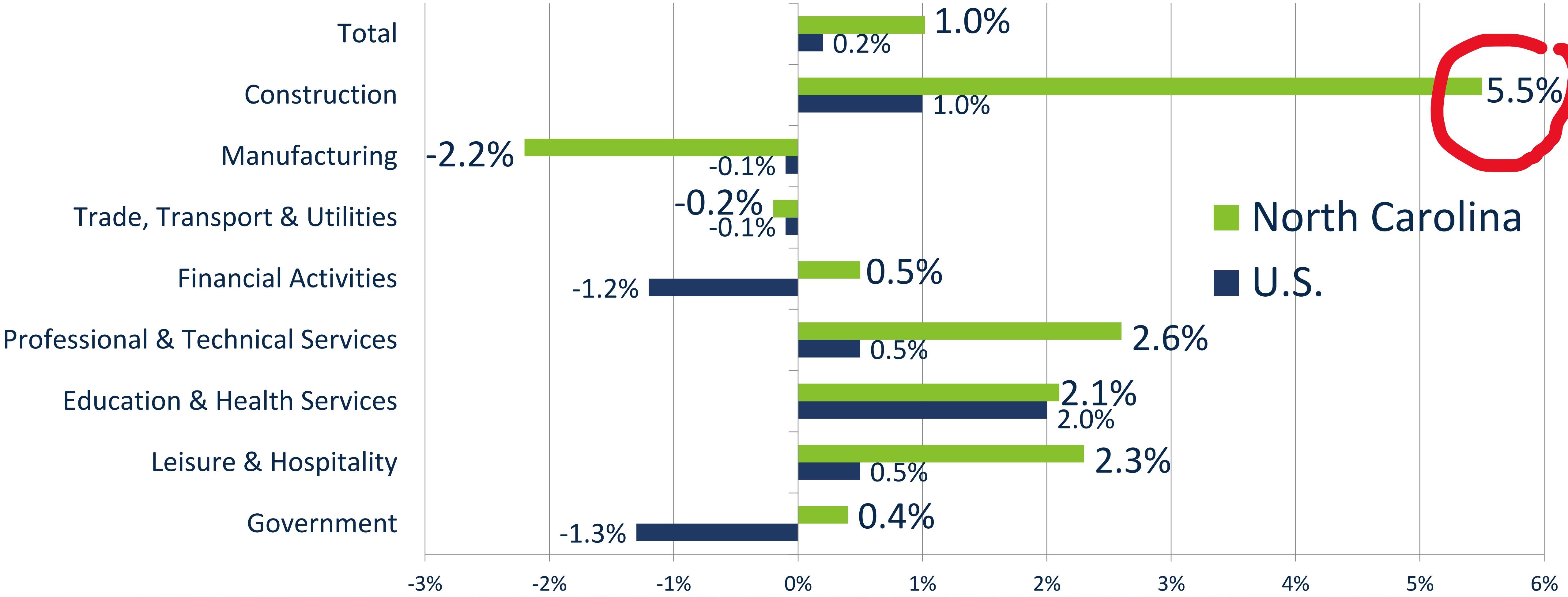


Source: US Bureau of Labor Statistics
Nonfarm Payroll Employment

ECONOMIC LEADERSHIP

North Carolina & U.S. Nonfarm Employment (Jobs) Change by Sector

July 2025 – July 2026



Source: US Bureau of Labor Statistics
Nonfarm Payroll Employment

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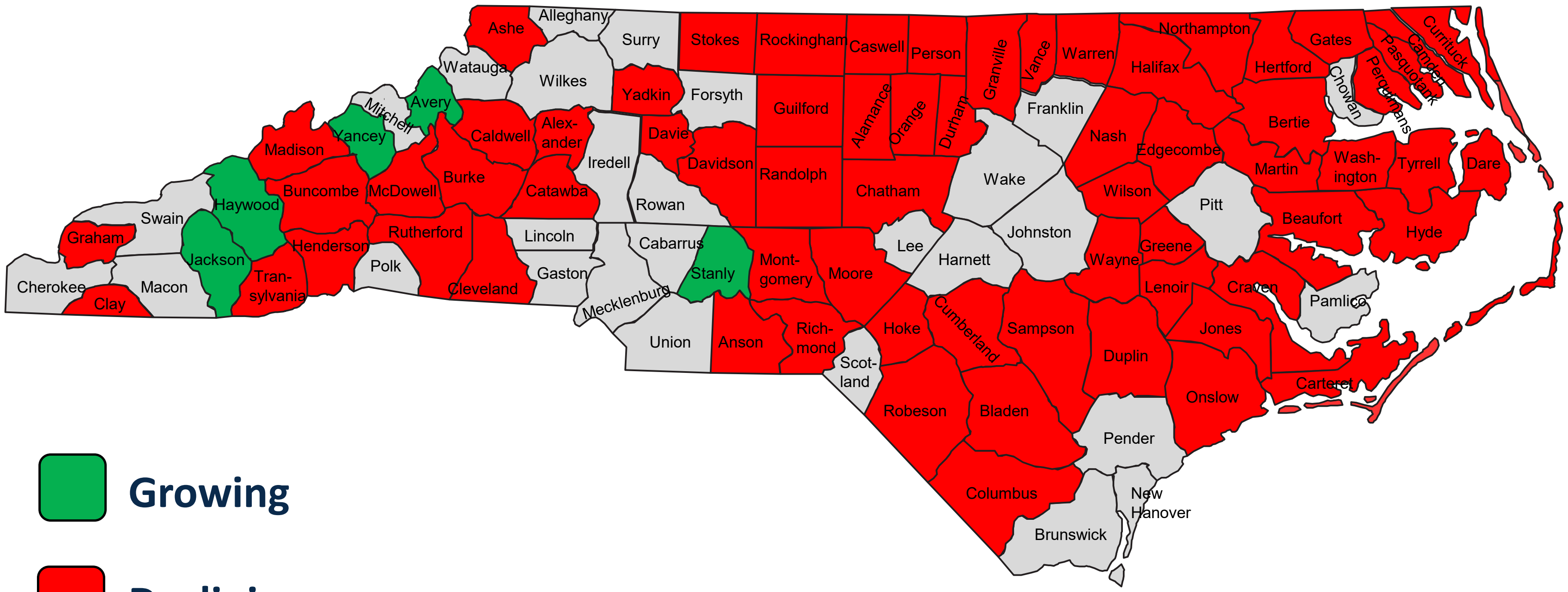
Employed People Growth June 2025 – June 2026
North Carolina Average -0.3%



Growing

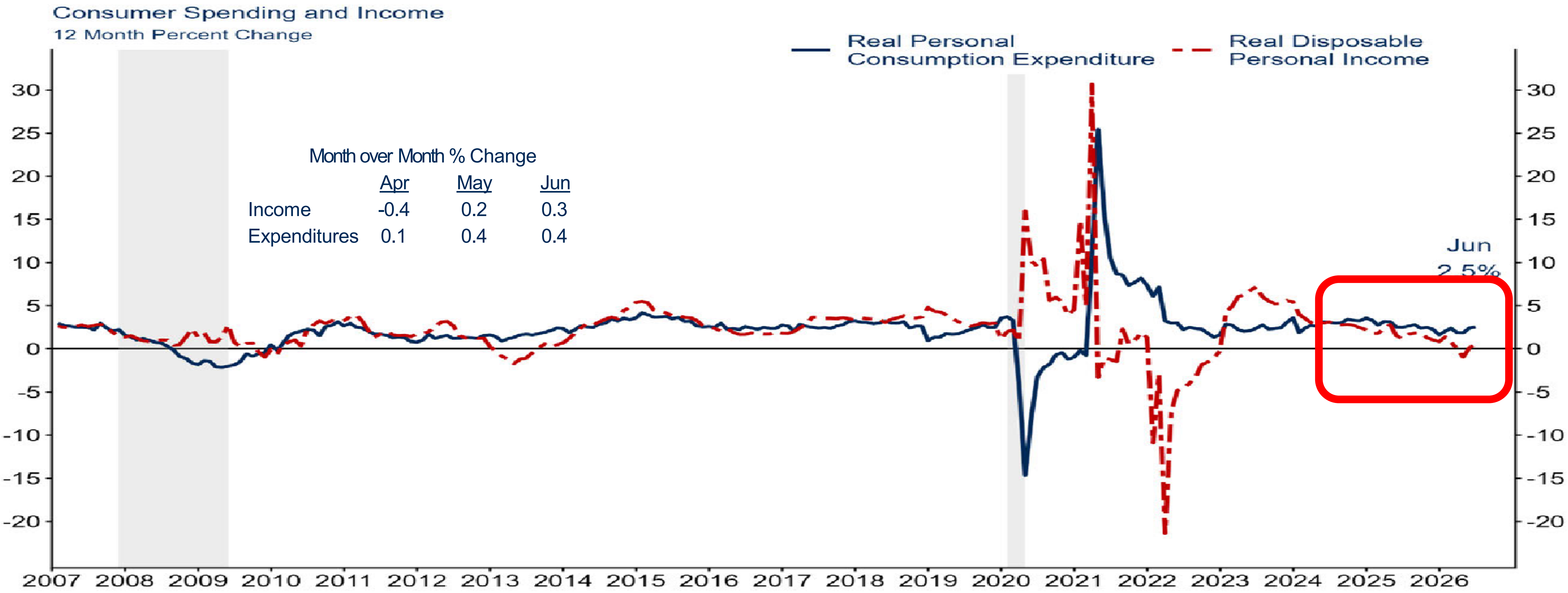
Declining

No change – less than 1% or fewer than 100 persons

10 Largest Counties

Wake	3,025
Johnston	368
New Hanover	(638)
Union	(998)
Forsythe	(1,586)
Buncombe	(1,805)
Durham	(3,001)
Guilford	(3,071)
Cumberland	(3,366)
Mecklenberg	(3,475)

Consumer Spending and Income



Source: Bureau of Economic Analysis via Haver Analytics
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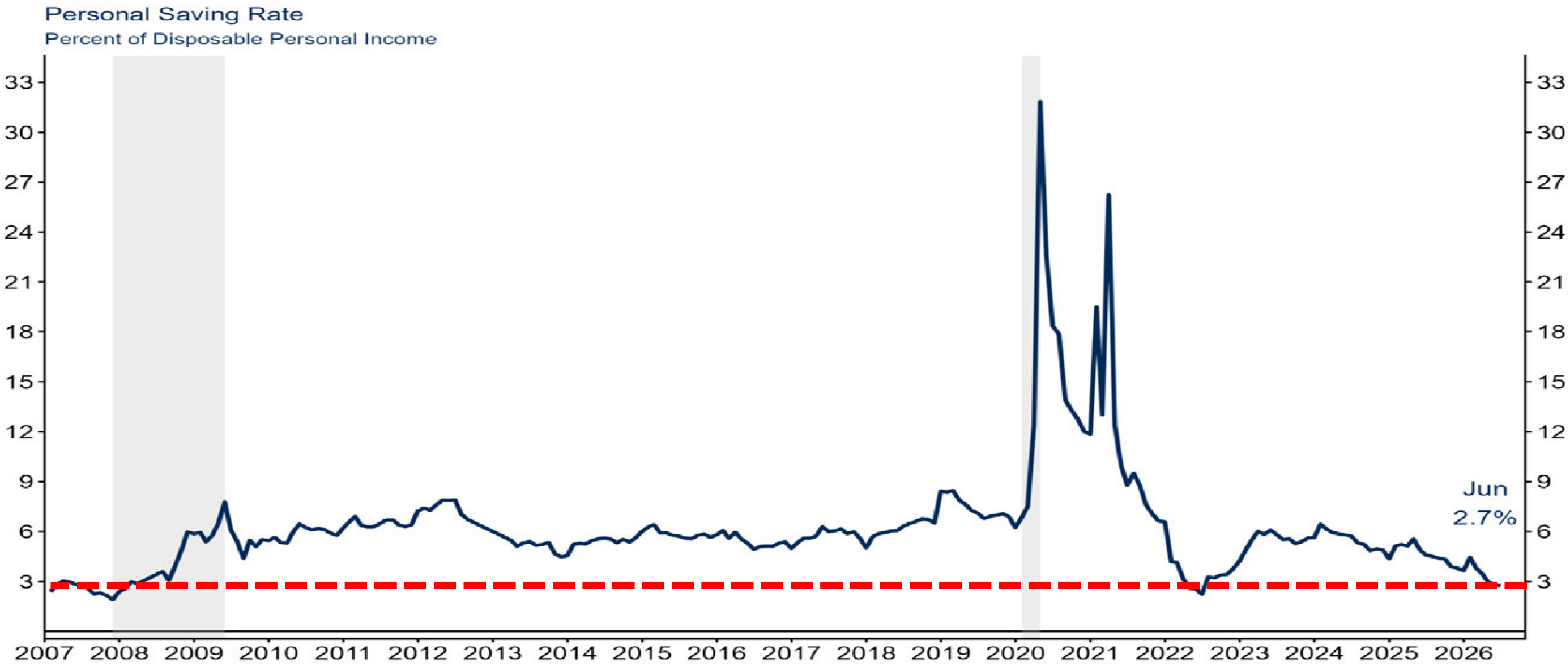
Personal Saving Rate



Source: Bureau of Economic Analysis via Haver Analytics

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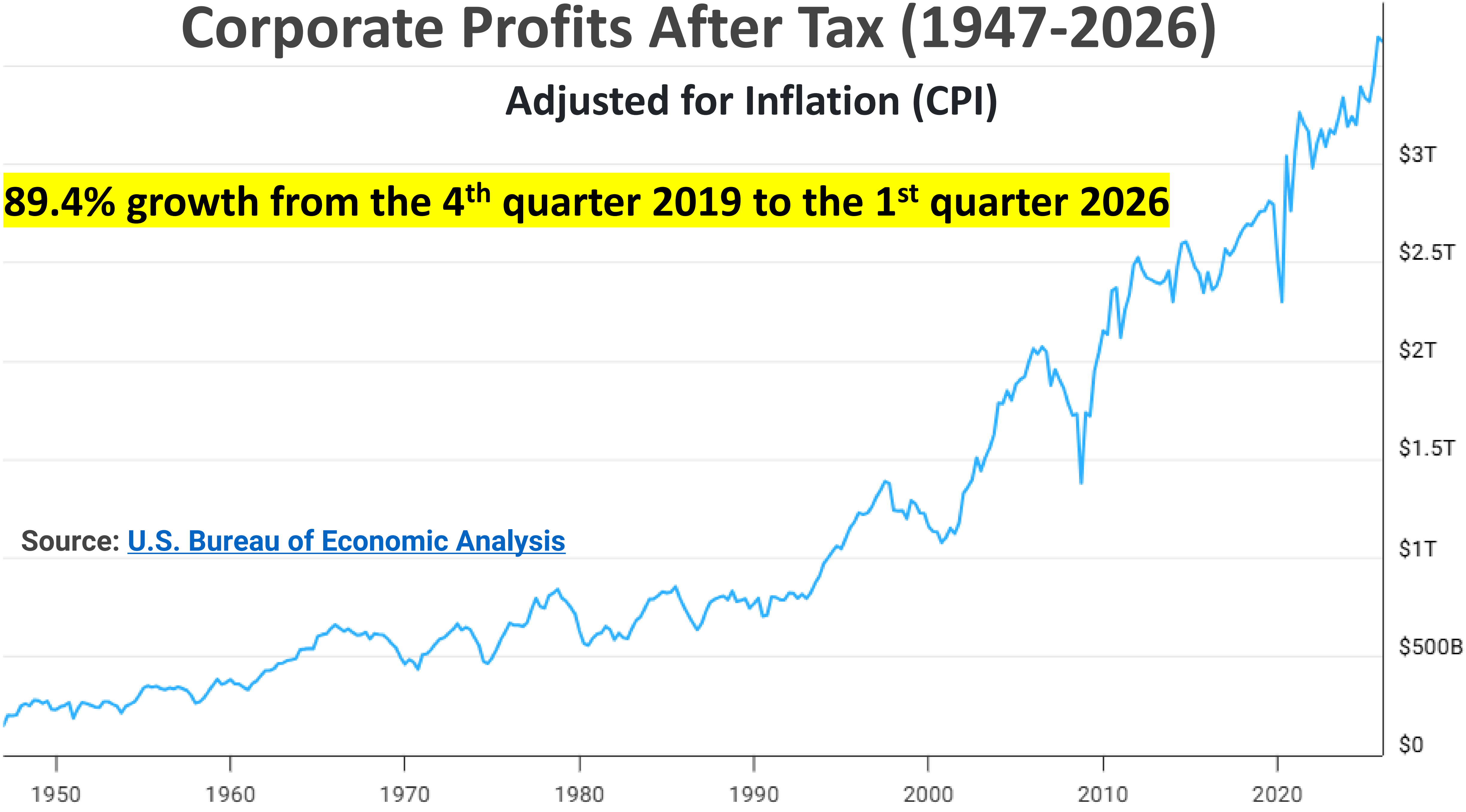
Corporate Profits After Tax (1947-2026)

Adjusted for Inflation (CPI)

89.4% growth from the 4th quarter 2019 to the 1st quarter 2026



Source: [U.S. Bureau of Economic Analysis]

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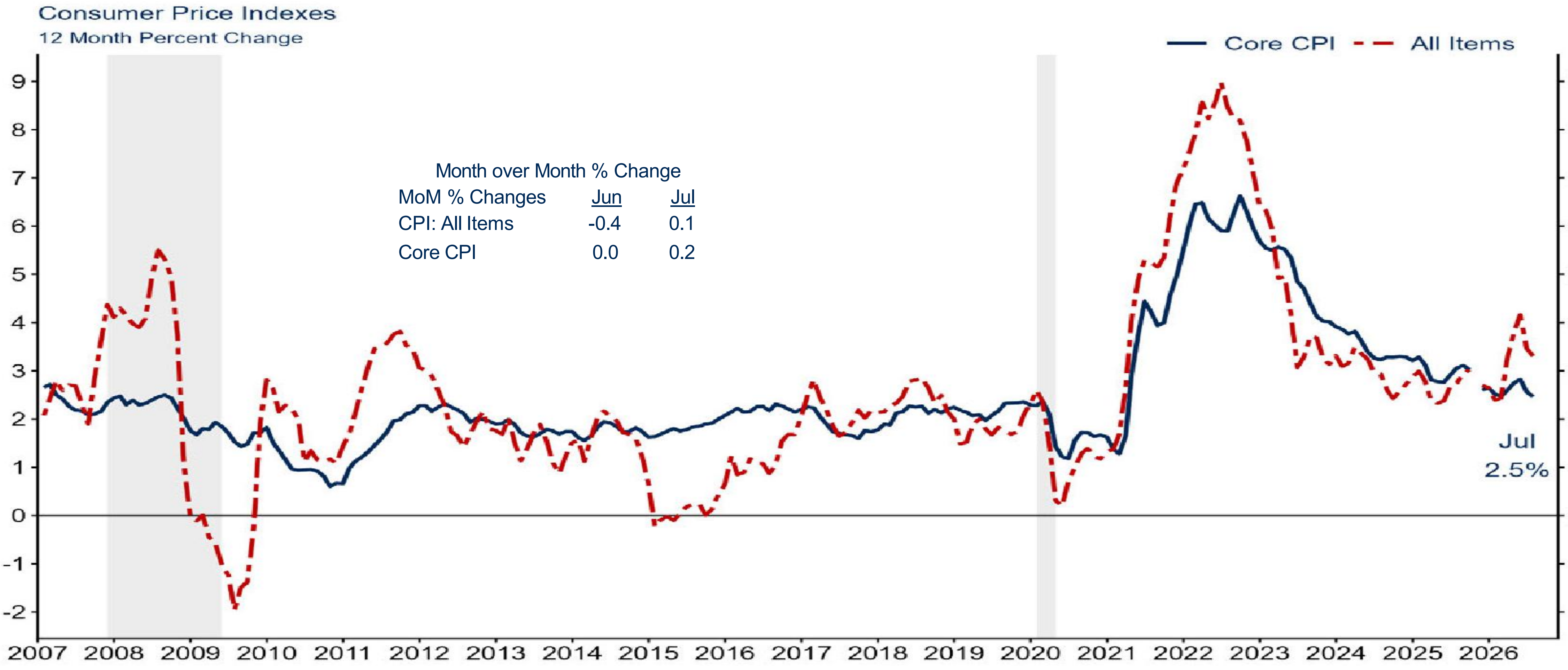
Consumer Price Indexes



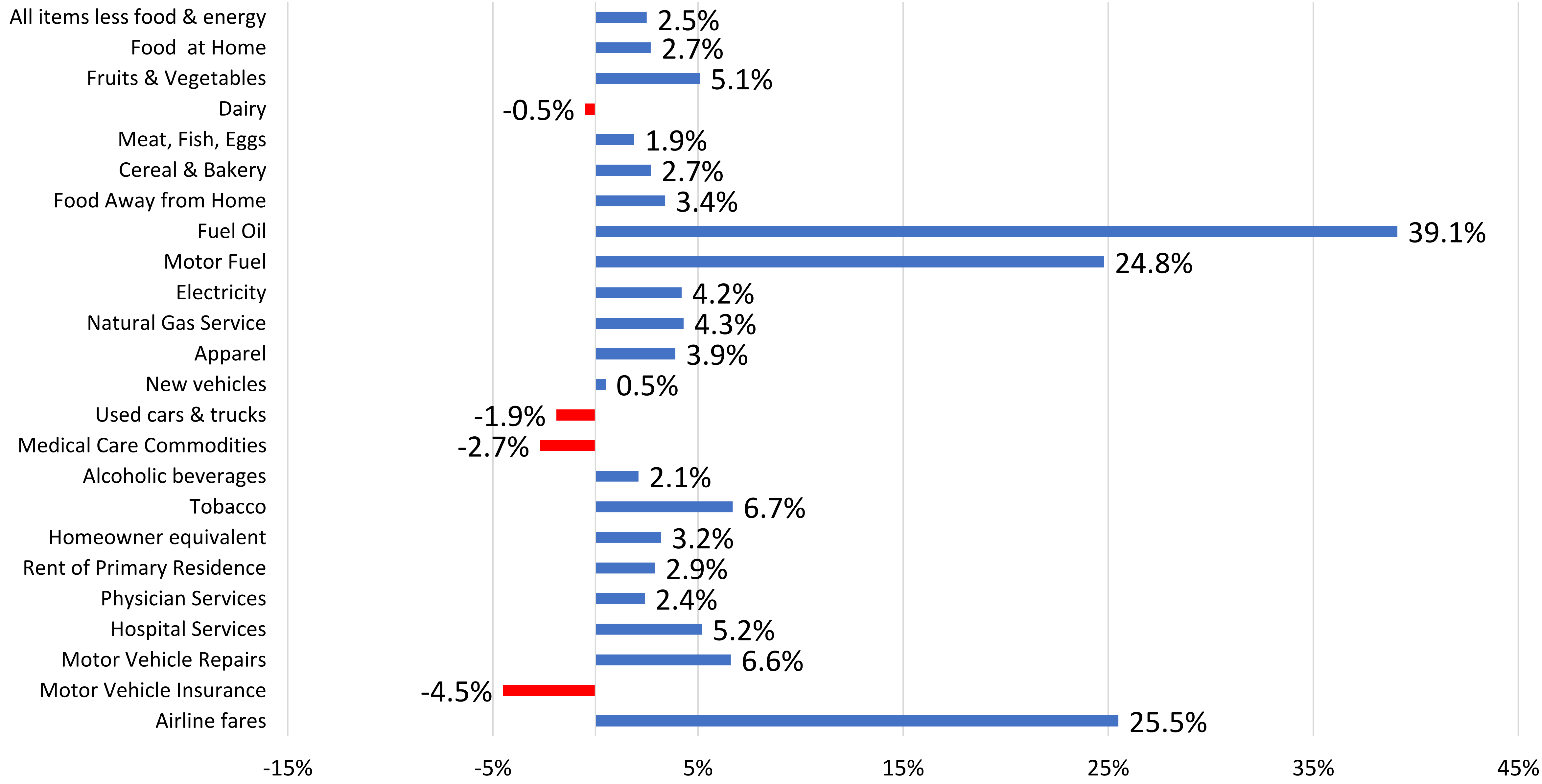
Month over Month % Change

MoM % Changes	Jun	Jul
CPI: All Items	-0.4	0.1
Core CPI	0.0	0.2

Source: Bureau of Labor Statistics via Haver Analytics

ECONOMIC LEADERSHIP

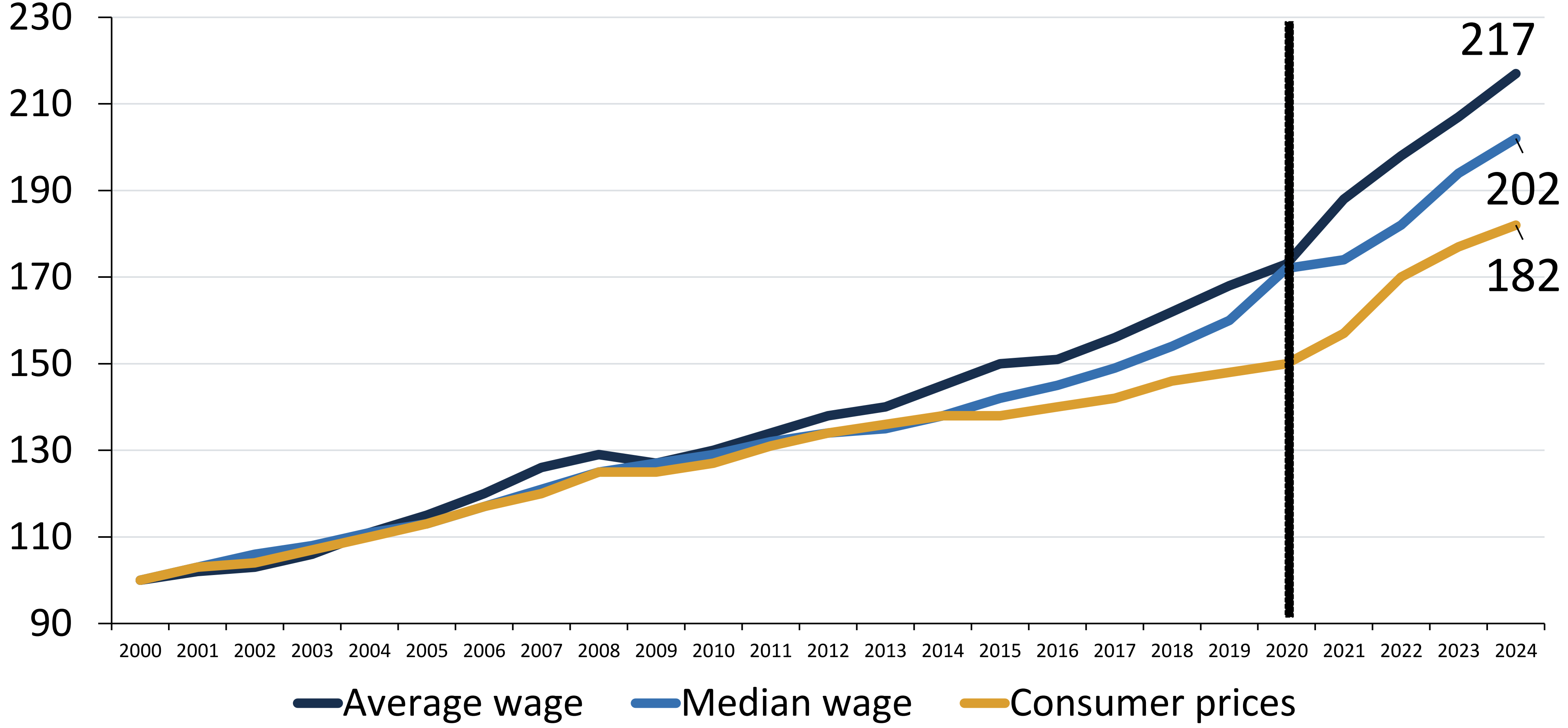
Consumer Price Index Percent Change July 2025 – July 2026



Source: US Bureau of Labor Statistics

Workers Have Gained Ground — But Not Evenly

Cumulative change since 2000 • 2000 = 100



Average wage

+117%

Median wage

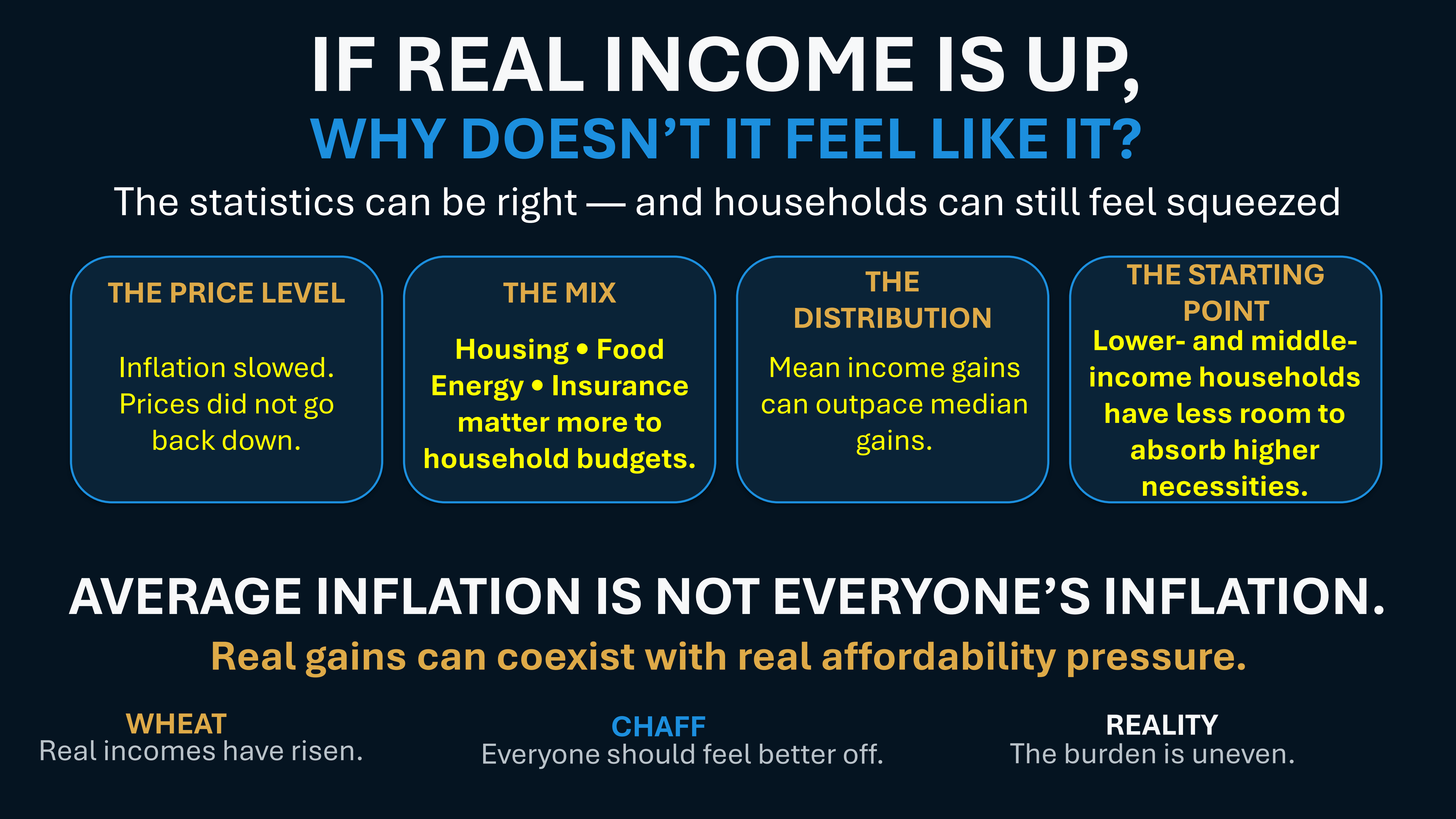
+102%

Consumer prices

+82%

Workers gained purchasing power, but the average improved faster than the worker in the middle.

Sources: SSA National Average Wage Index; BLS median usual weekly earnings; BLS CPI-U. Annual data through 2024.


IF REAL INCOME IS UP,
WHY DOESN'T IT FEEL LIKE IT?
The statistics can be right — and households can still feel squeezed
THE PRICE LEVEL
Inflation slowed. Prices did not go back down.
THE MIX
Housing • Food Energy • Insurance matter more to household budgets.
THE DISTRIBUTION
Mean income gains can outpace median gains.
THE STARTING POINT
Lower- and middle-income households have less room to absorb higher necessities.
AVERAGE INFLATION IS NOT EVERYONE'S INFLATION.
Real gains can coexist with real affordability pressure.
WHEAT
Real incomes have risen.
CHAFF
Everyone should feel better off.
REALITY
The burden is uneven.

IF YOU TORTURE DATA ENOUGH, IT WILL CONFESS TO ALMOST ANYTHING.

DIFFERENT DATA. DIFFERENT QUESTIONS. DIFFERENT ANSWERS.

WHAT DATA YOU CHOOSE	HOW YOU MEASURE IT	WHAT PERIOD YOU PICK	WHAT QUESTION YOU ASK
Filters the story before it starts.	Changes the conclusion.	Can make winners look like losers.	Determines the answer you get.

GOOD LEADERS DON'T TORTURE DATA. THEY UNDERSTAND CONTEXT.

THE DATA MAY BE RIGHT. THE STORY MAY STILL BE BIASED

Economic information rarely reaches us without passing through a lens.

THE SAME ECONOMIC REALITY

Housing
Jobs
Inflation
Wages
Growth

POLITICS	Does this support my side?
BUSINESS INTEREST	Does this help my industry?
MEDIA	What gets attention or please sponsors?
ADVOCACY	What advances my cause?

"ECONOMY REMAINS STRONG"

"AMERICANS CONTINUE TO STRUGGLE"

"HOUSING MARKET SHOWS RESILIENCE"

"AFFORDABILITY CRISIS DEEPENS"

All can be factually defensible at the same time.

DON'T JUST ASK: "IS IT TRUE?" ASK: "WHY AM I BEING SHOWN THIS TRUTH?"

THERE IS NO ONE "ECONOMY"

Averages describe the landscape. People experience the terrain.

NATIONAL AVERAGE

U.S. ECONOMY
GDP • inflation • jobs • wages • rates

STATE ECONOMIES
growth • costs • policy • demographics

REGIONAL & LOCAL ECONOMIES
housing • labor markets • opportunity

INDUSTRY ECONOMIES
cycles • automation • demand • disruption

HOUSEHOLD ECONOMIES
income • assets • debt • family needs

YOUR ECONOMY
what you earn + own + buy + where you live

PERSONAL REALITY

The national average may be true — and still not describe your reality.

SO, WHAT IS THE WHEAT?

A simple test for economic information worth carrying forward.

1
CONTEXT
Compared with what?

Time • place • population • industry

2
SOURCE
Who chose the data?

What is their purpose or incentive?

3
METHOD
How was it measured?

Average vs. median • real vs. nominal • rate (%) vs. count

4
DURABILITY
Will it still matter?

Structural trend or short-term noise?

WHEAT = INFORMATION THAT SURVIVES CONTEXT, SOURCE, METHOD AND TIME

Your goal is not to eliminate perspective — it is to recognize it!

GOOD LEADERS (AND CPAs) UNDERSTAND

CONTEXT

Economic data tells us where we are and where we have been

The trends tell us where we are going.

TODAY'S ECONOMY
What is happening right now?

→

STRUCTURAL CHANGE
What is changing beneath the headlines?

→

PLACE-BASED IMPACT
How will different places be affected?

→

FUTURE COMPETITIVENESS
Who will be positioned to win?


Does Anyone Here Today Believe That The Pace of Change Will Slow in the Next Few Years?
THE SURGING SPEED OF CHANGE
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THE QUESTION
IS NOT
WHETHER
CHANGE IS
COMING.

IT IS WHAT CHANGE
MEANS FOR THE
COMPETITIVENESS
OF THE UNITED
STATES AND FOR
NORTH CAROLINA.

Being Competitive

- Marathon
- Scores are kept
- Lots of competition

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PLACE BASED COMPETITIVENESS

BUSINESS CLIMATE

- Taxes
- Regulatory Climate
- Legal Climate
- Insurance
- Politicians

WORKFORCE

- In-migration
- Education/Skills
- Productivity
- Costs
- QOL

INFRASTRUCTURE

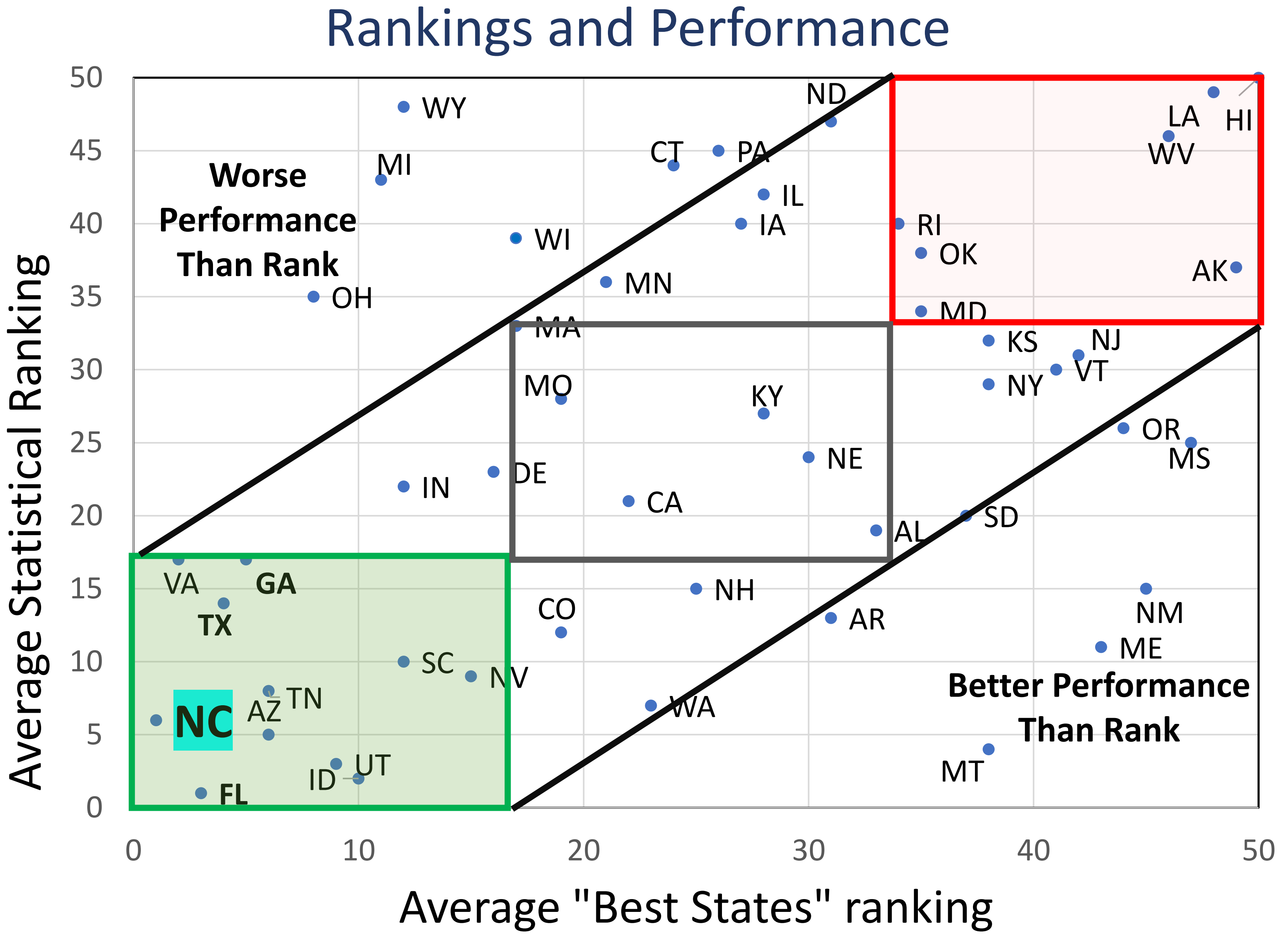
- Power
- Water/Sewer
- Transportation
- Broadband
- Housing/Childcare
- Buildings & Sites

INNOVATION

- Advanced Industries
- R&D
- Start-up Ecosystem
- Automation

Latest Best States for Business Rankings

	Site Selection	CNBC	CEO Magazine	Business Facilities
1	Texas	Ohio	Texas	Texas
2	Georgia	North Carolina	Florida	Virginia
3	North Carolina	Virginia	Tennessee	North Carolina
4	Virginia	Texas	North Carolina	Florida
5	Florida	Minnesota	Georgia	Tennessee
6	Ohio	Michigan	South Carolina	Georgia
7	Arizona	Georgia	Ohio	Indiana
8	Indiana	Florida	Arizona	Utah
9	Illinois	Tennessee	Indiana	Arizona
10	Michigan	Indiana	Virginia	South Carolina



States By Average Ranks by Forbes, CNBC, and Chief Executive

US News Business Environment released 7/27/26; CNBC released 6/16/26; Chief Executive released 4/17/26

Plotted Against

Actual Performance for Job Growth, Wage Growth and Growth in GDP

6 years 2019-2025 Jobs & Wages: BLS QCEW annual; GDP: BEA

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METRO COMPARISONS

VOLUME 5

WAKE COUNTY
ECONOMIC DEVELOPMENT

Top 101 Metros Composite Index Q1 2026 (top 25 ranked)

MSA	Momentum Index	Cost and Business Climate Index	Future Index	Global Index	Talent Index	Quality of Place	Total Score	Overall Rank
Austin, TX	1	2	2	7	1	15	28	1
Raleigh, NC	**14**	**10**	**1**	**12T**	**2**	**6**	45	2
Dallas, TX	12	4	7	8	6	19	56	3
Huntsville, AL	32	22	3	43T	3	4	107	4
Atlanta, GA	43	31	11	15T	7	13	120	5
Durham, NC	27	34	21	12T	13	17	124	6T
Nashville, TN	3	19	9	30	5	58	124	6T
Provo, UT	9	17	4	98	9	3	140	8
Des Moines, IA	42	1	19	60	14	5	141	9
Charlotte, NC	29T	28	8	50	4	28T	147	10
Salt Lake City, UT	15	27	5	45	21	36	149	11
Indianapolis, IN	40	24	10	3	19	55	151	12
Charleston, SC	4	61	34	23	18	14	154	13
Boise, ID	19T	20	16	101	16	2	174	14
Orlando, FL	6	47T	28	69	17	10T	177	15
Tampa, FL	13	50	22	66	8	20	179	16
Knoxville, TN	33	5	27	75T	24	16	180	17
Houston, TX	21	11	35	1	48	65T	181	18
Fayetteville-Springdale	23	7T	41	86	27T	1	185	19T
Madison, WI	45	25	20	57	30	8	185	19T
Greenville, SC	29T	44	48	10	27T	37	195	21
Phoenix, AZ	22	53T	24	38	29	33	199	22
Seattle, WA	2	70T	12	49	12	57	202	23
McAllen, TX	41	6	71	4	51	30T	203	24
Miami, FL	11	62	53	15T	47	28T	216	25

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FORESIGHT
WILL BE THE MOST IMPORTANT "SUCCESS" SKILL GOING FORWARD!
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8 Trends That Will Impact Your Competitiveness in the Future & That Some Places Are Preparing For

1. Less Abundant Labor
2. Evolving Infrastructure
3. Automation & Innovation
4. Globalization 3.0
5. The Rise of Risk
6. Security Economics
7. Dispersion
8. Policy Predictions

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1

Labor Will Be Less Abundant

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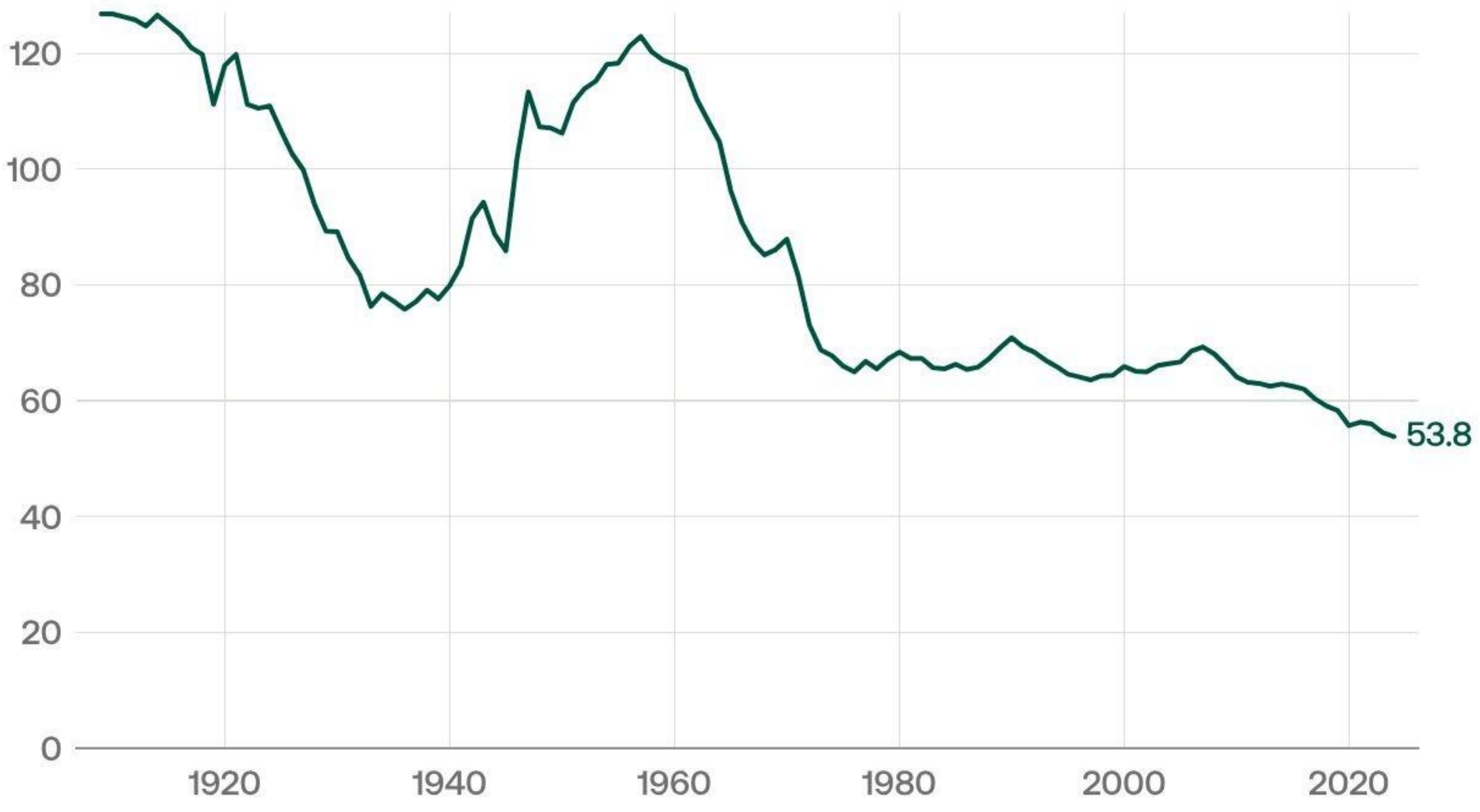
The US fertility rate reached an all-time low in 2024.

Births per 1,000 women ages 15–44, 1909–2024

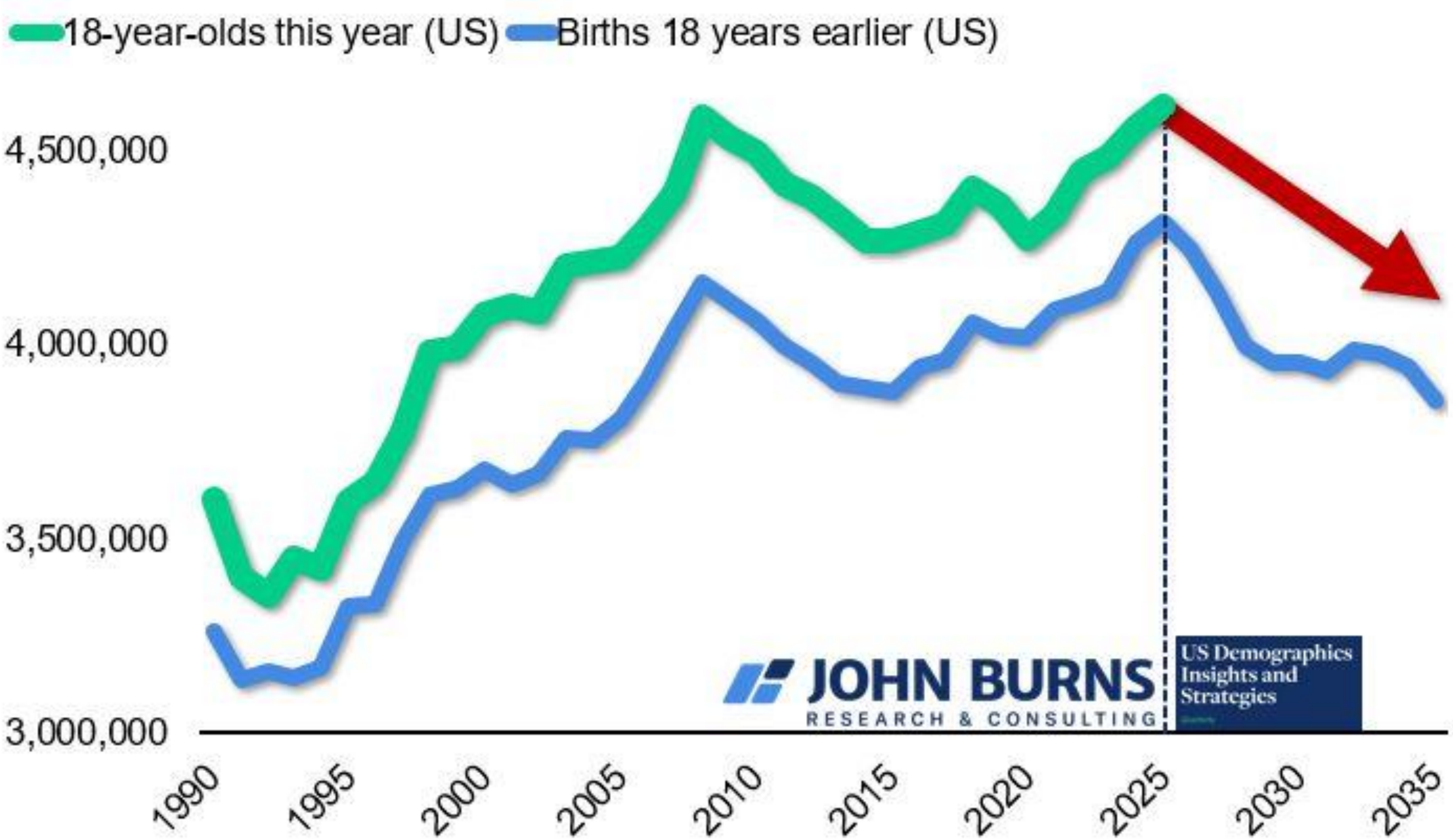


Source: Centers for Disease Control and Prevention

USAFacts

America is at Peak 18-Year-Old

The number of 18-year-olds is about to fall (and keep falling)



Sources: John Burns Research and Consulting, LLC, Centers for Disease Control and Prevention

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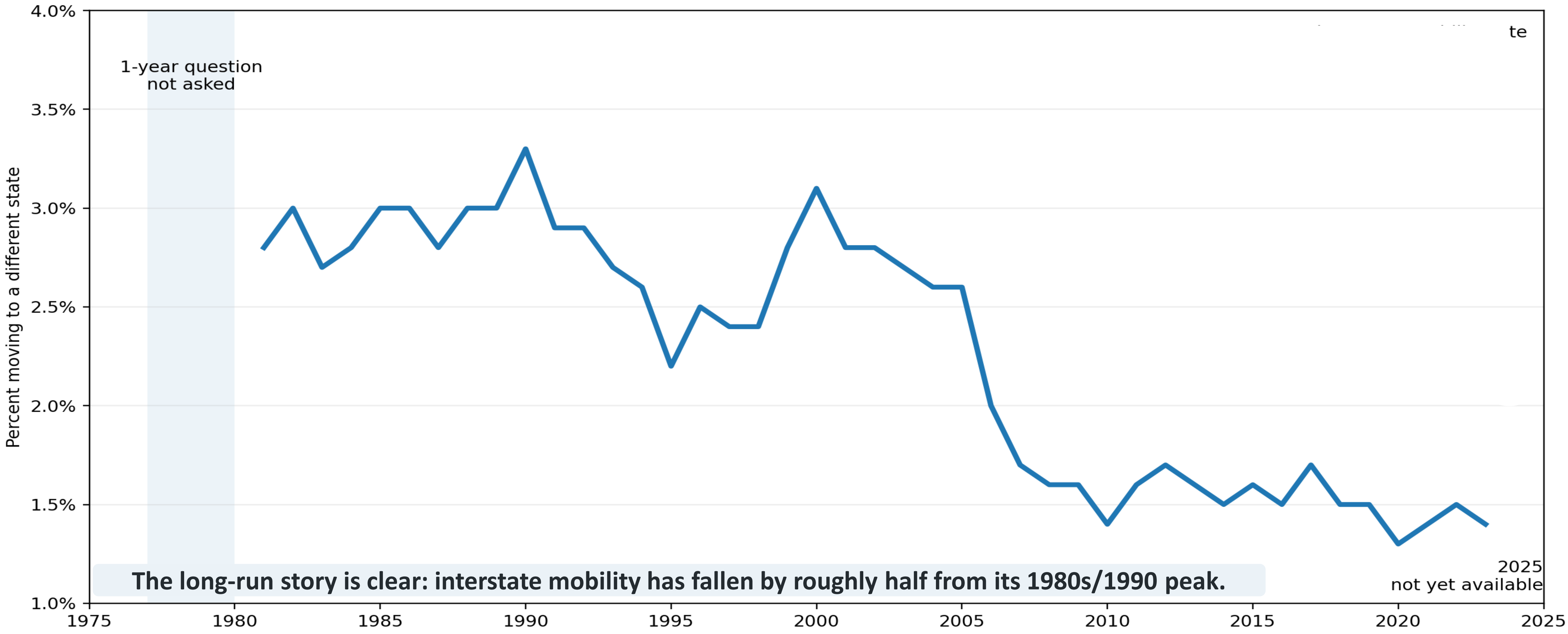
Americans Are Much Less Likely to Move Across State Lines

Annual interstate mobility rate, 1975–2025



Source: U.S. Census Bureau, CPS Historical Geographic Mobility Table A-1; 2024 ACS 1-year estimate. 2025 data not yet available.

Current immigration policy is projected to reduce the U.S. workforce by 6.8 million people by 2028 and by 15.7 million people by 2035

National Foundation for American Policy

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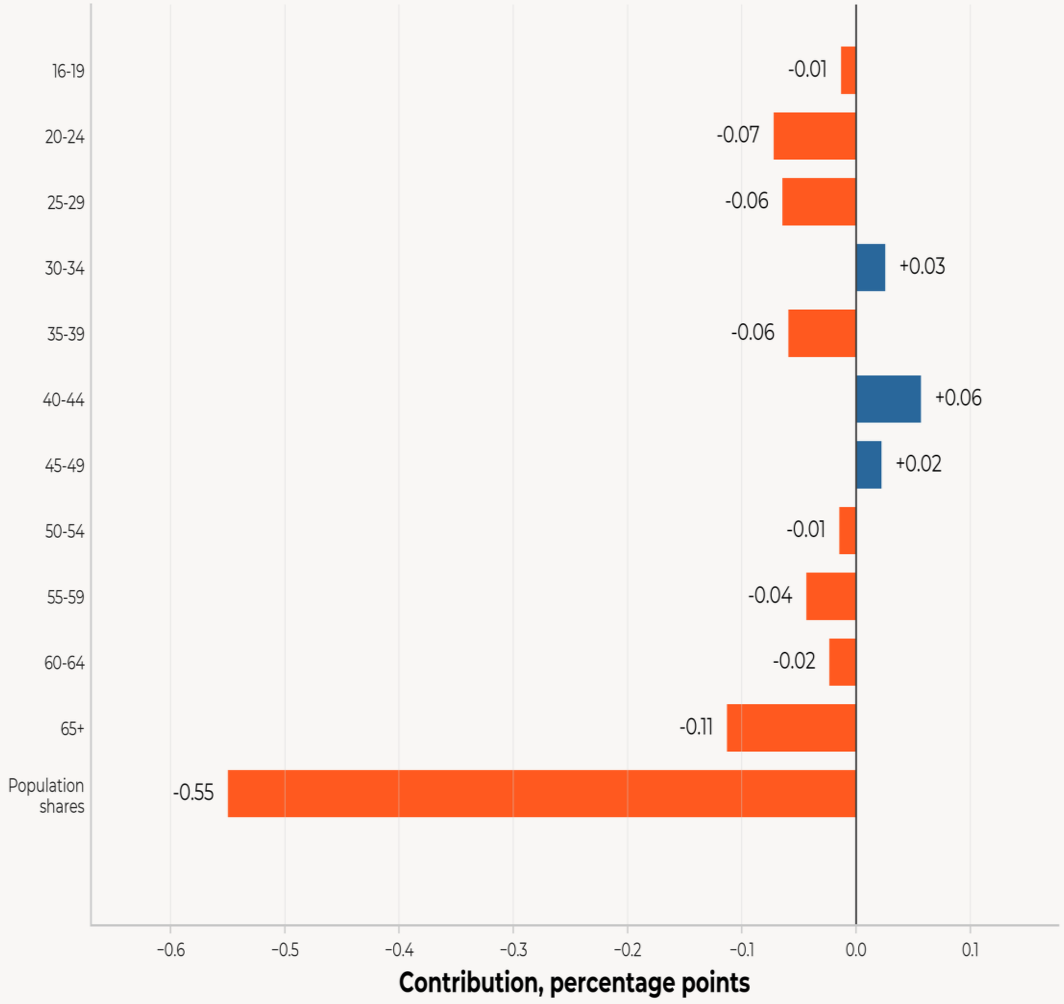
Where the Participation Decline Came From

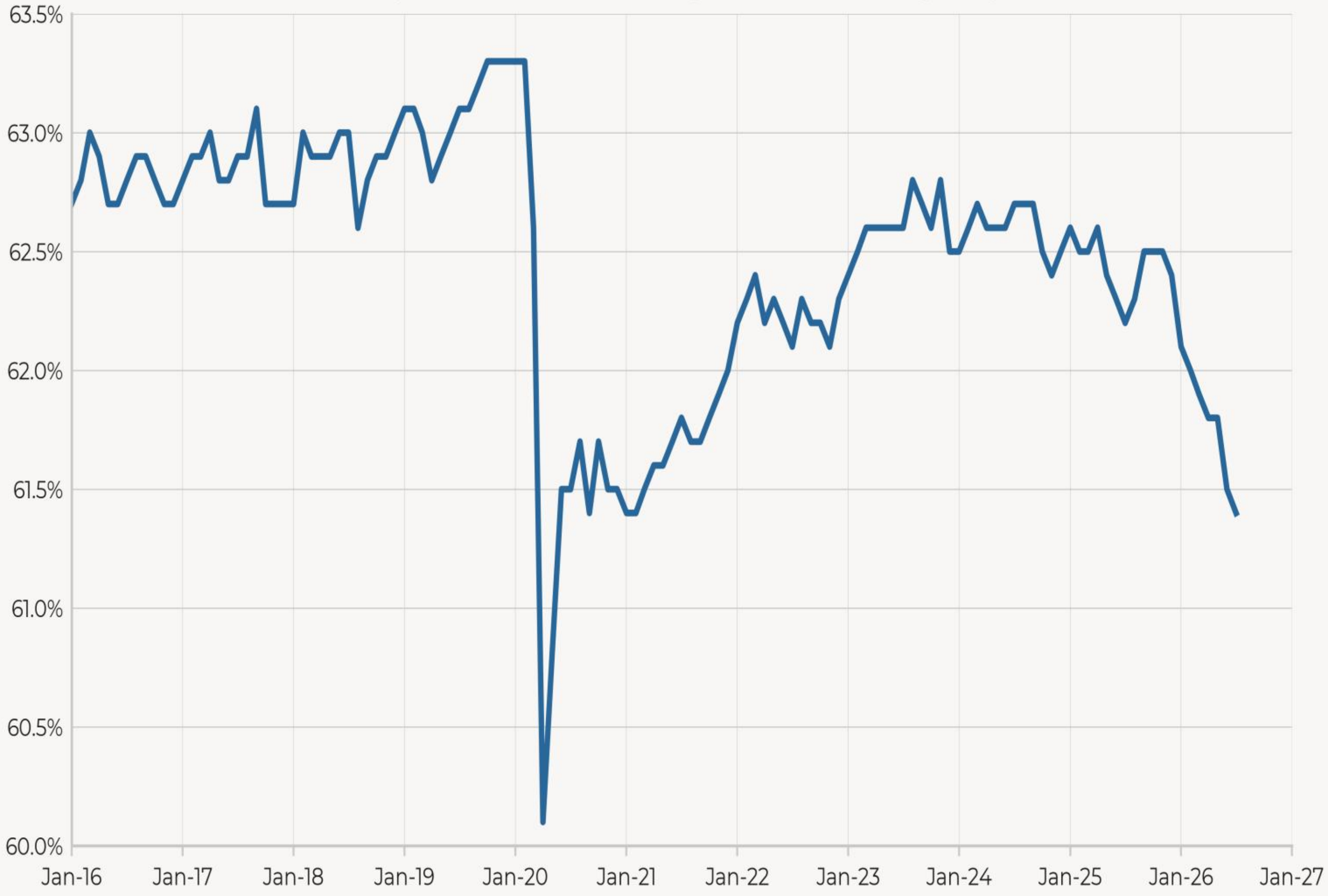
Contribution to change in LFPR, July '25 to July '26 (NSA)



Source: Bureau of Labor Statistics, Author's Calculations

The Labor Force Participation Rate has Declined Rapidly

Labor Force Participation Rate, All Ages, Seasonally adjusted



Source: Bureau of Labor Statistics

EMPLOY AMERICA

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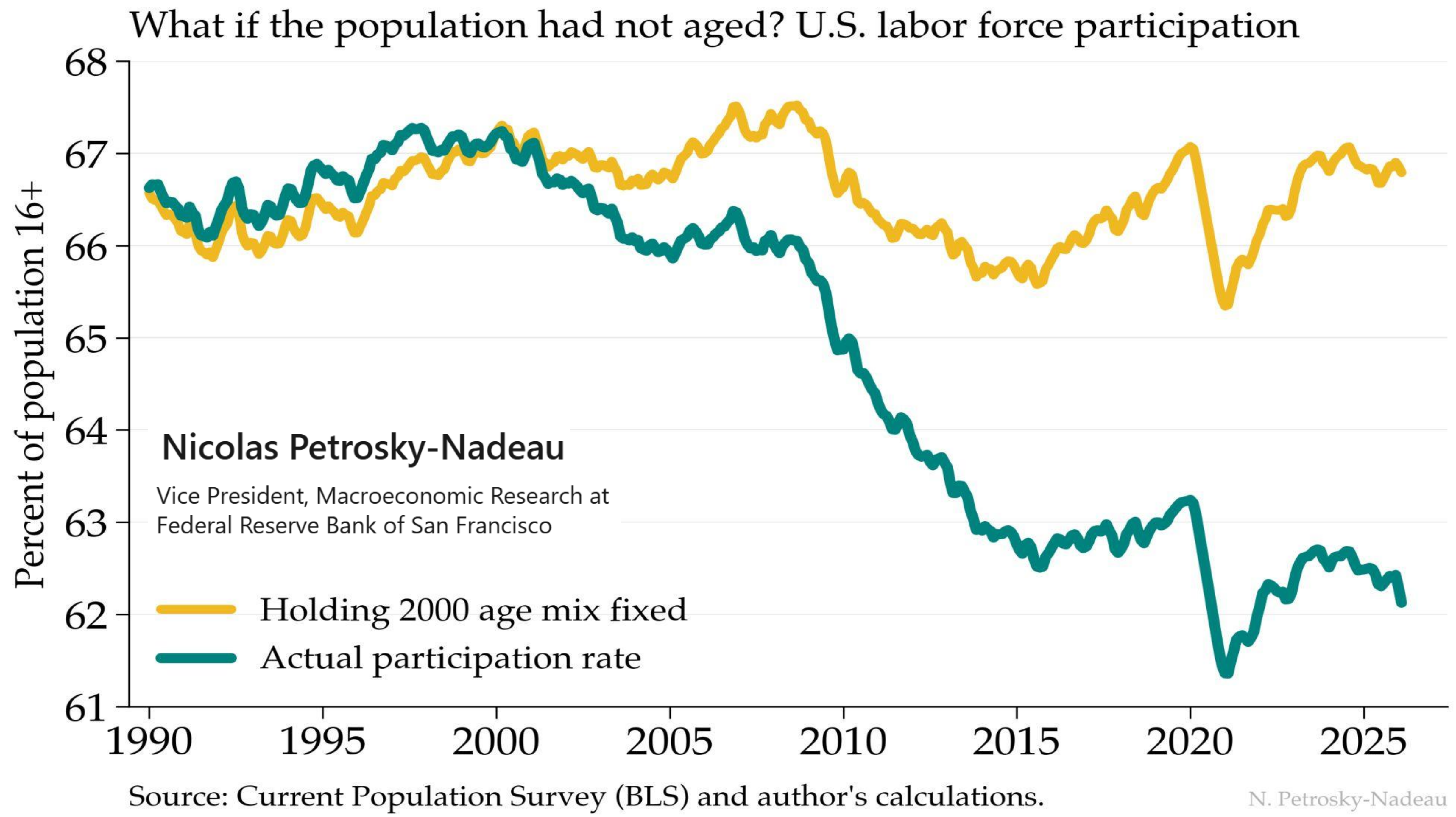
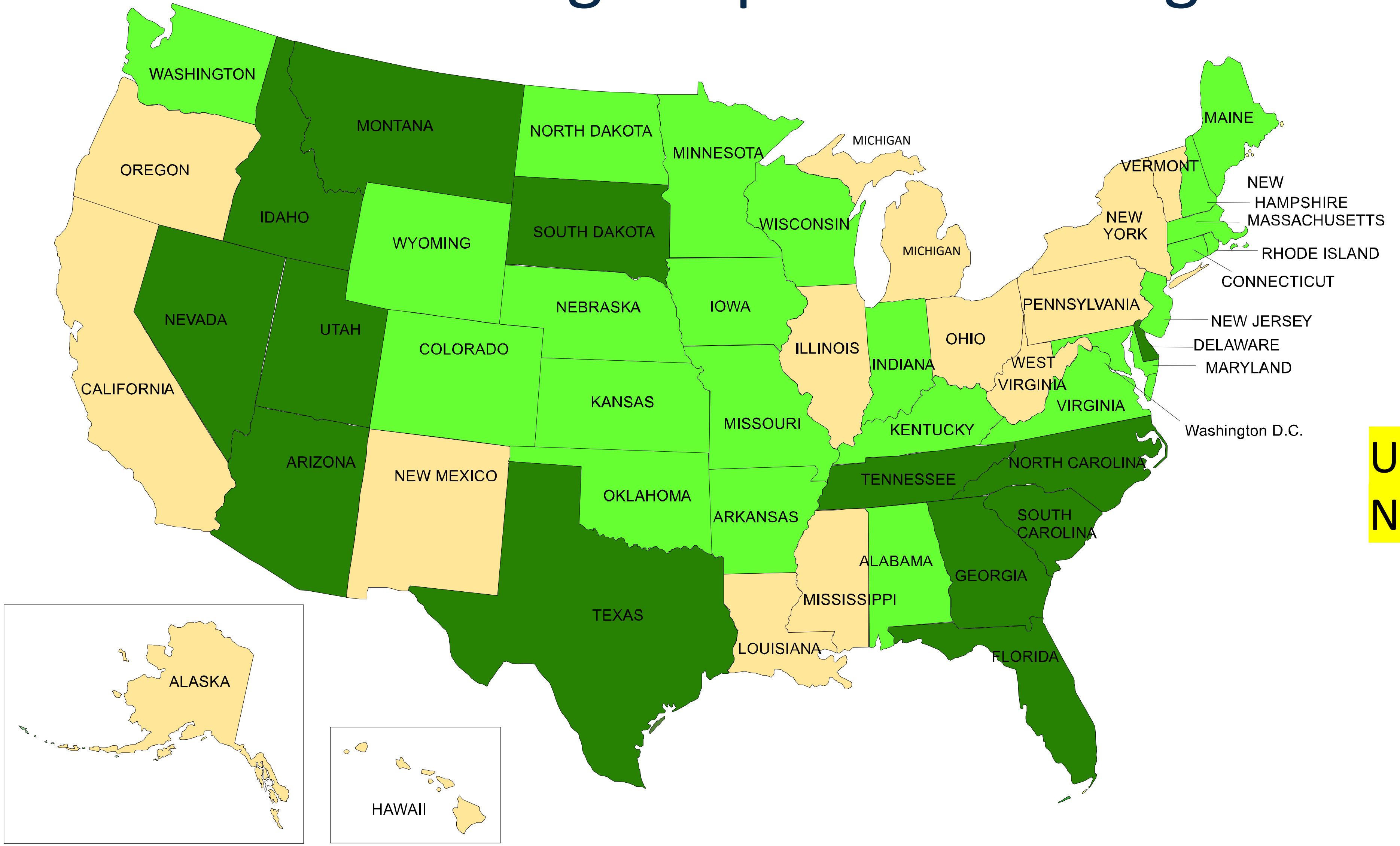


What if the population had not aged? U.S. labor force participation
Percent of population 16+
68
67
66
65
64
63
62
61
1990
1995
2000
2005
2010
2015
2020
2025
Nicolas Petrosky-Nadeau
Vice President, Macroeconomic Research at
Federal Reserve Bank of San Francisco
Holding 2000 age mix fixed
Actual participation rate
Source: Current Population Survey (BLS) and author's calculations.
N. Petrosky-Nadeau

Percentage Population Change 2020-2025



United States 3.1%
North Carolina 7.2%

Over 4% gain

1% to 2% gain

Under 1% gain or losing population

Source: US Census Bureau NST-EST2025

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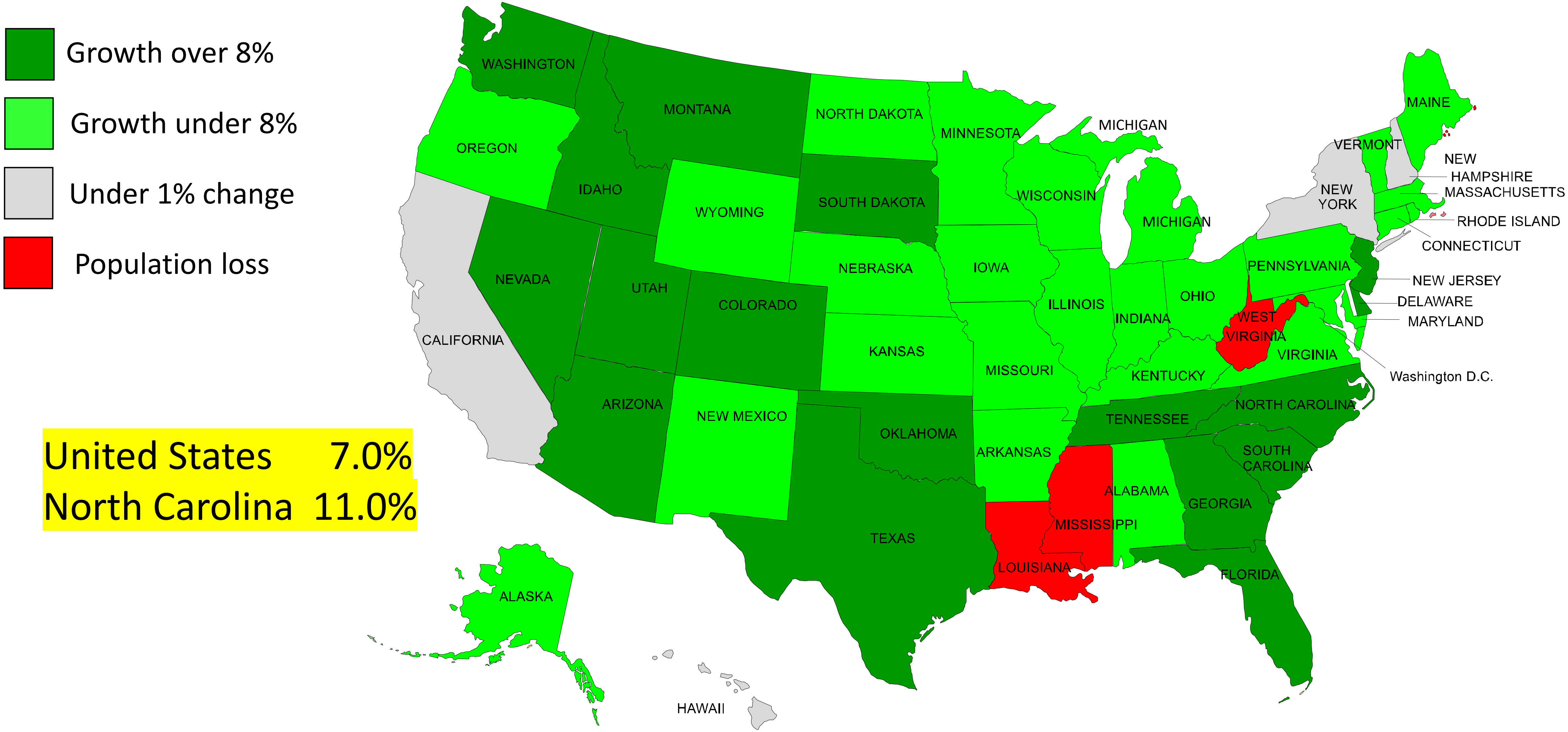
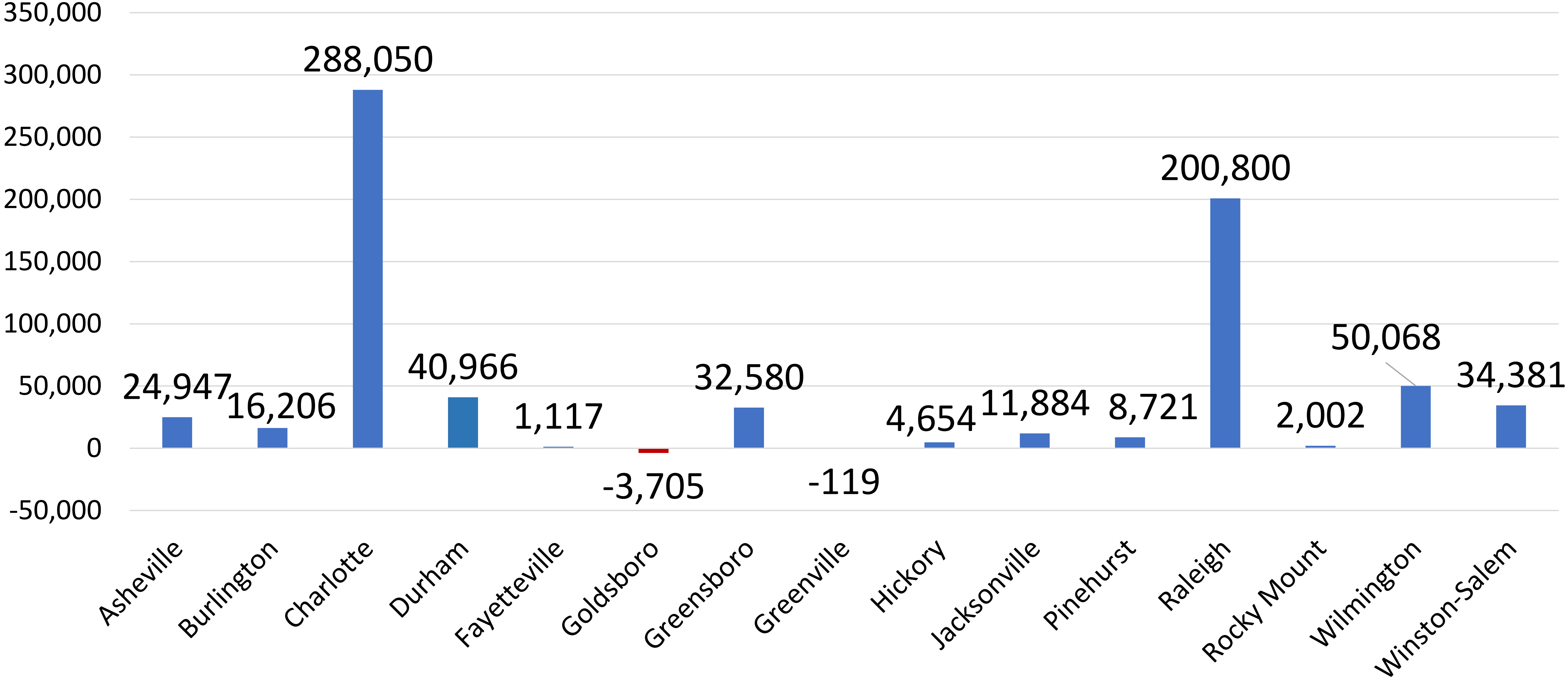
Projected Population Change 2025–2035 Ages 25-64



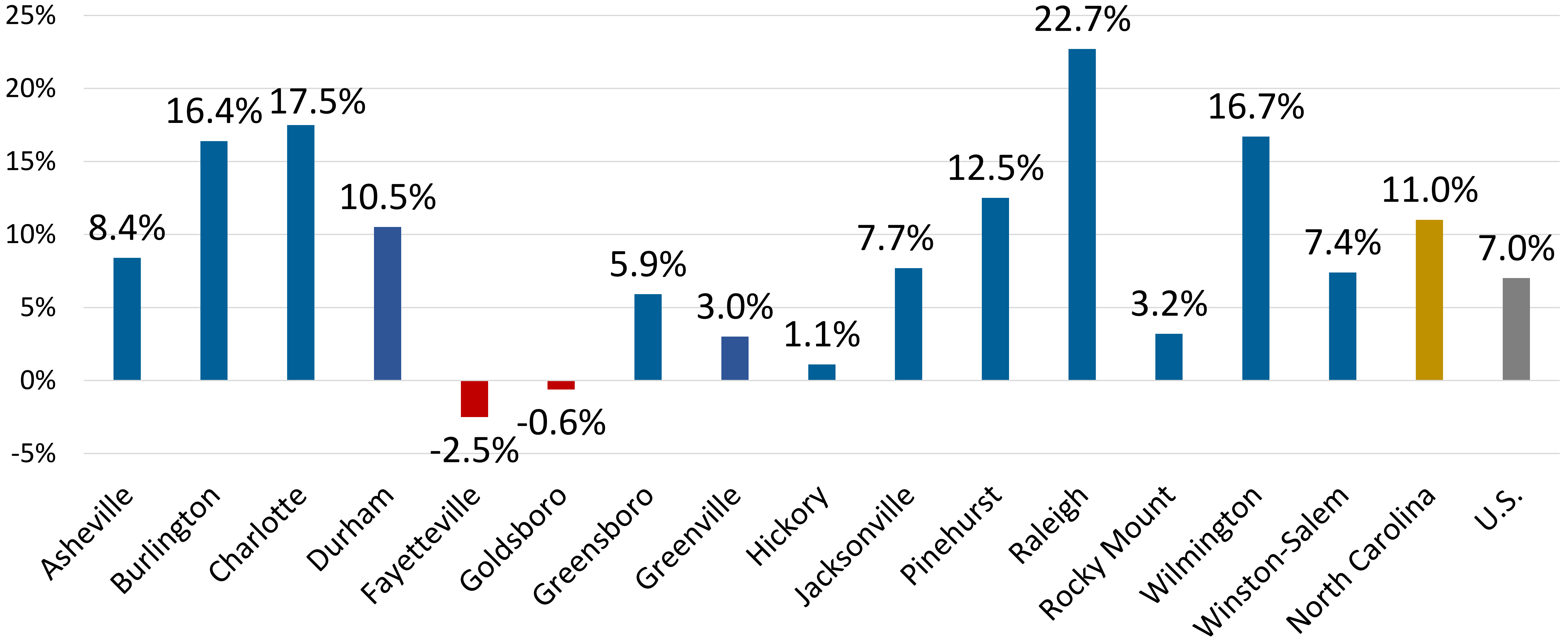
United States 7.0%
North Carolina 11.0%

NC Metros Population Growth 2019-2025



Source: Lightcast 2026.3

Projected Population Growth 2025-2035



Source: Lightcast 2026.3

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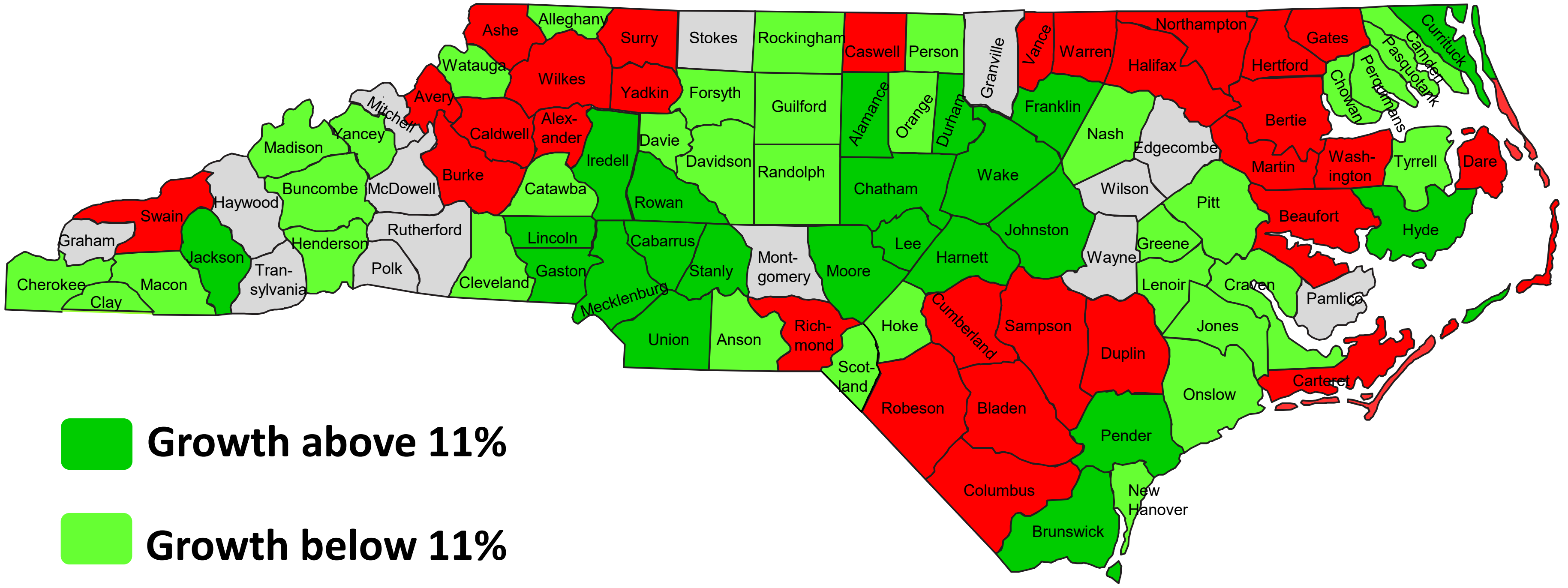
PROJECTED CHANGE IN LABOR FORCE AGE POPULATION

Ages 25 – 64 2025 - 2035

North Carolina state average 11.0%



Growth above 11%

Growth below 11%

Losing population

Less than 1% or less than 100 person change

Source: Lightcast 2026.3

ECONOMIC LEADERSHIP

The Workforce Challenge is Starting to Morph

2000-2025

Can we find enough workers?

- Deep Labor Pool Availability
- Labor Costs
- Basic Skills

2026-2040

Can we fill critical needs?

- Engineers
- Technicians
- Electricians
- Automation and Maintenance Mechanics
- AI, Data and Cyber Talent

The competitive advantage is a preexisting specialize talent ecosystem

2

Evolving Infrastructure

PAST | PRESENT | FUTURE

ECONOMIC LEADERSHIP

Competitive Infrastructure Is Changing in Two Big Ways

The Definition Has Expanded

TRADITIONAL

- Roads
- Water & Sewer
- Greenfield

→

TODAY

- Broadband
- Housing
- Childcare
- Energy
- Healthcare
- Air Service
- Water
- Ready Sites

The Standard Has Changed

FROM

"Do we have it?"

→

TO

- Future Supply
- Reliability
- Interconnection

Competitive infrastructure is now about capacity for tomorrow — not simply assets in place today.

THE BIGGEST U.S. ENERGY ISSUES

ECONOMIC LEADERSHIP

Abundant resources. Rising demand. Real challenges.

1 GROWING DEMAND

Electricity demand is rising fast from:

- AI data centers
- Advanced manufacturing
- Semiconductor plants
- Electric vehicles
- Building electrification
- Population growth

2 THE GRID IS THE BOTTLENECK

Aging transmission, interconnection delays, slow permitting, and regional congestion are delaying projects and increasing costs.

ENERGY FOR AMERICA'S FUTURE

Affordable. Reliable. Sustainable.

3 ALL OF THE ABOVE

NATURAL GAS | NUCLEAR | SOLAR | WIND | HYDRO | STORAGE | GEOTHERMAL

No single source can meet future demand. A diverse energy mix is essential for reliability, affordability and energy security.

4 RELIABILITY MATTERS MOST

Extreme weather, aging infrastructure, and rising demand are pushing the system to its limits. **Businesses and families need power they can count on.**

5 PERMITTING & REGULATION SLOW EVERYTHING

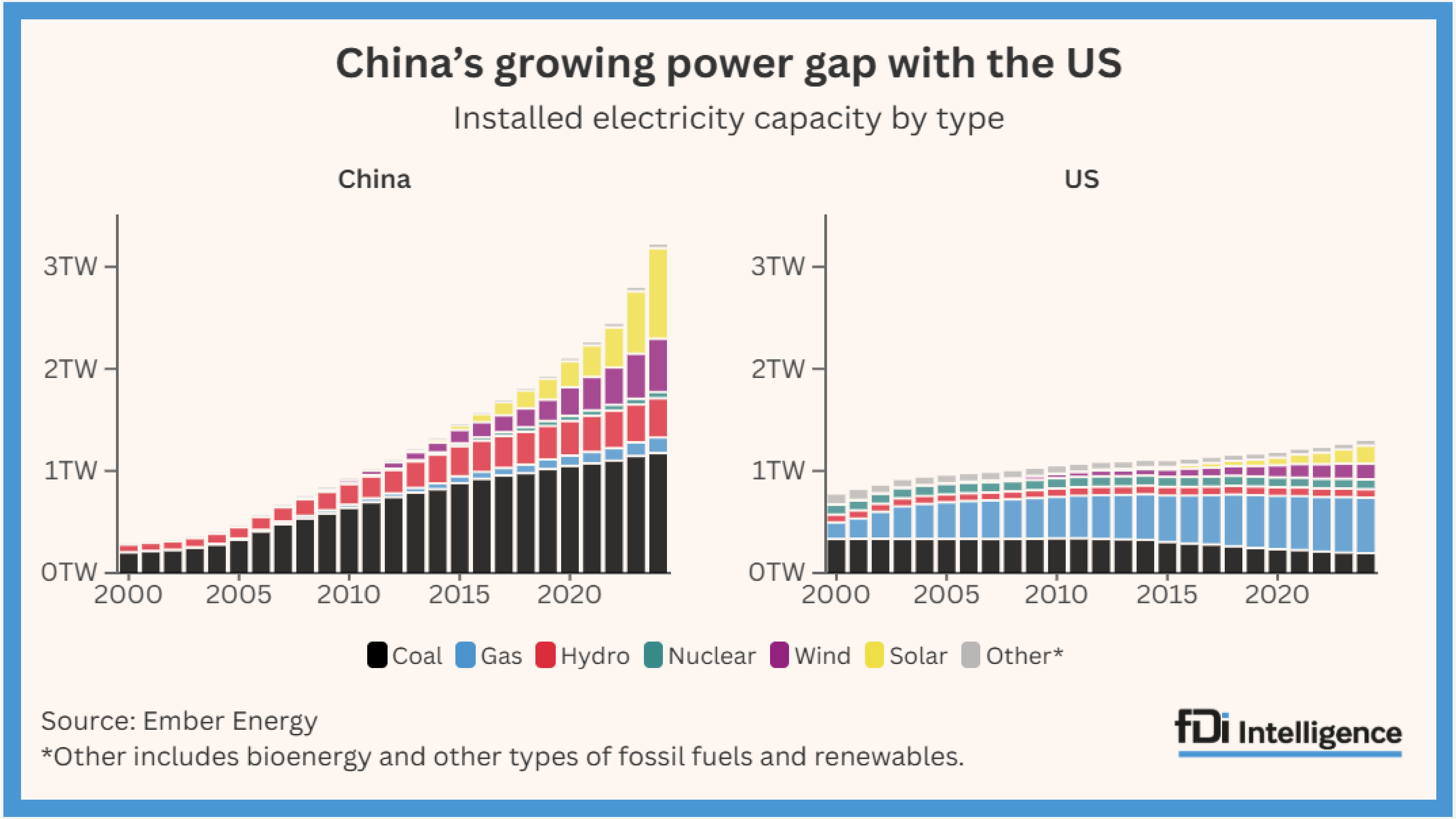
Lengthy and unpredictable permitting and regulatory processes delay or derail critical energy projects—from pipelines and transmission to generation and storage.

6 THE POLITICS OF AFFORDABILITY (EMERGING ISSUE)

Balancing affordability, reliability, and the transition to cleaner energy is increasingly political. Rising costs, rate impacts, and energy choices are shaping public policy—and elections—at every level.

THE BOTTOM LINE:
States and communities that can deliver reliable, affordable energy—fast—will win the jobs, investment, and future.

ECONOMIC LEADERSHIP


China’s growing power gap with the US
Installed electricity capacity by type
China
US
3TW
2TW
1TW
0TW
2000
2005
2010
2015
2020
Coal
Gas
Hydro
Nuclear
Wind
Solar
Other*
Source: Ember Energy
*Other includes bioenergy and other types of fossil fuels and renewables.
fDi Intelligence

Water - The Next Critical Infrastructure

- Maximum available daily and peak water capacity
- Sustainable long-term supply under future growth conditions
- Water quality characteristics and consistency
- Existing system pressure and delivery capability
- Redundancy and emergency backup capability
- Reliability during seasonal demand fluctuations
- Wastewater collection and treatment capacity

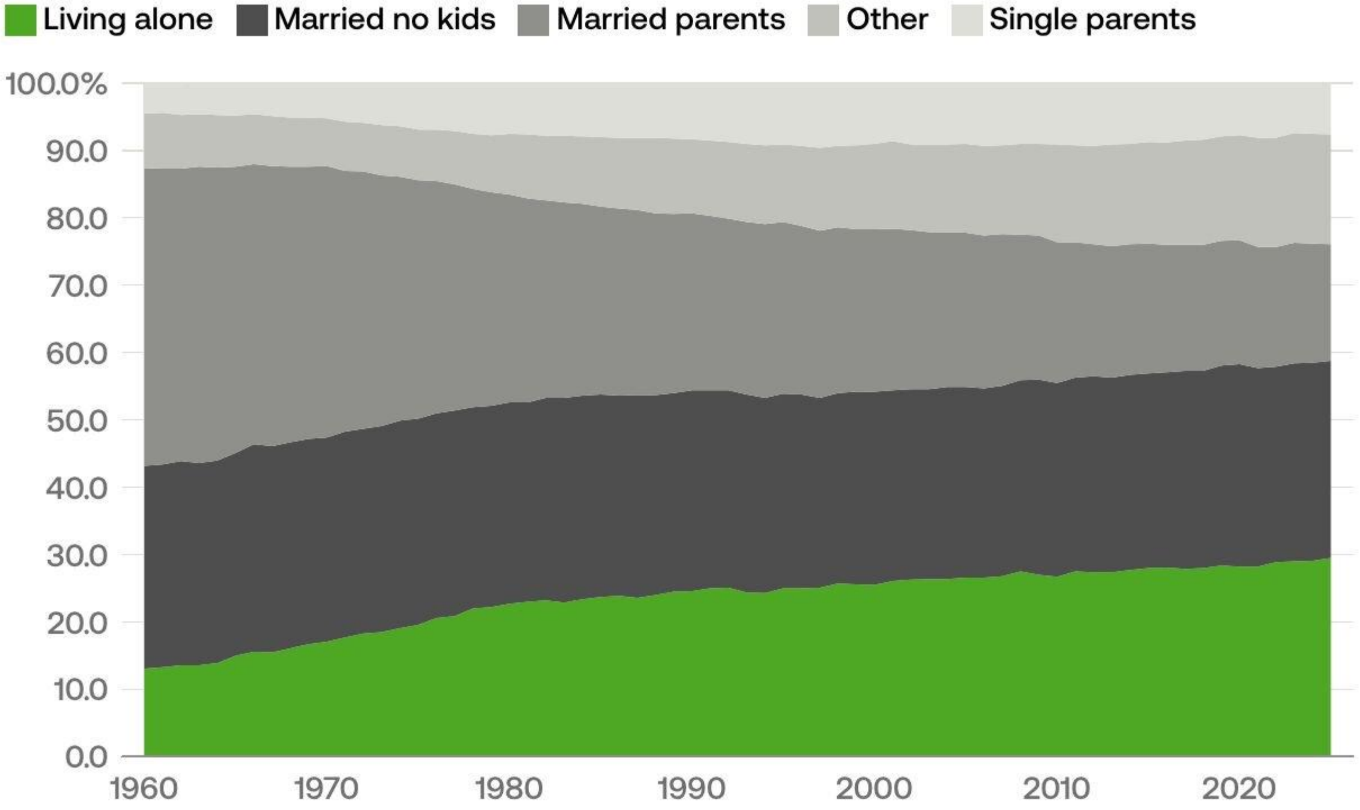
In 2025, for the first time ever, the largest household category was people who lived alone, 29.5% of Americans.

Households with children under 18 made up about a quarter of all households (24.9%). Of these, married parents headed 17.3% of households, while single parents headed 7.6%.

ECONOMIC LEADERSHIP

Solo living topped all household types for the first time in 2025.

Share of households by household type, 1960–2025



"Parent" categories include parents living with their own children under the age of 18. "Other" includes family households (such as adult relatives) and nonfamily households (such as nonmarried partners or roommates).

Source: Census Bureau

USAFacts

The State of US Housing 2026

Harvard's Joint Center for Housing Studies

49% of renters in the U.S. spend more than 30% of their income on housing and 26% spend more than half of their income for housing.

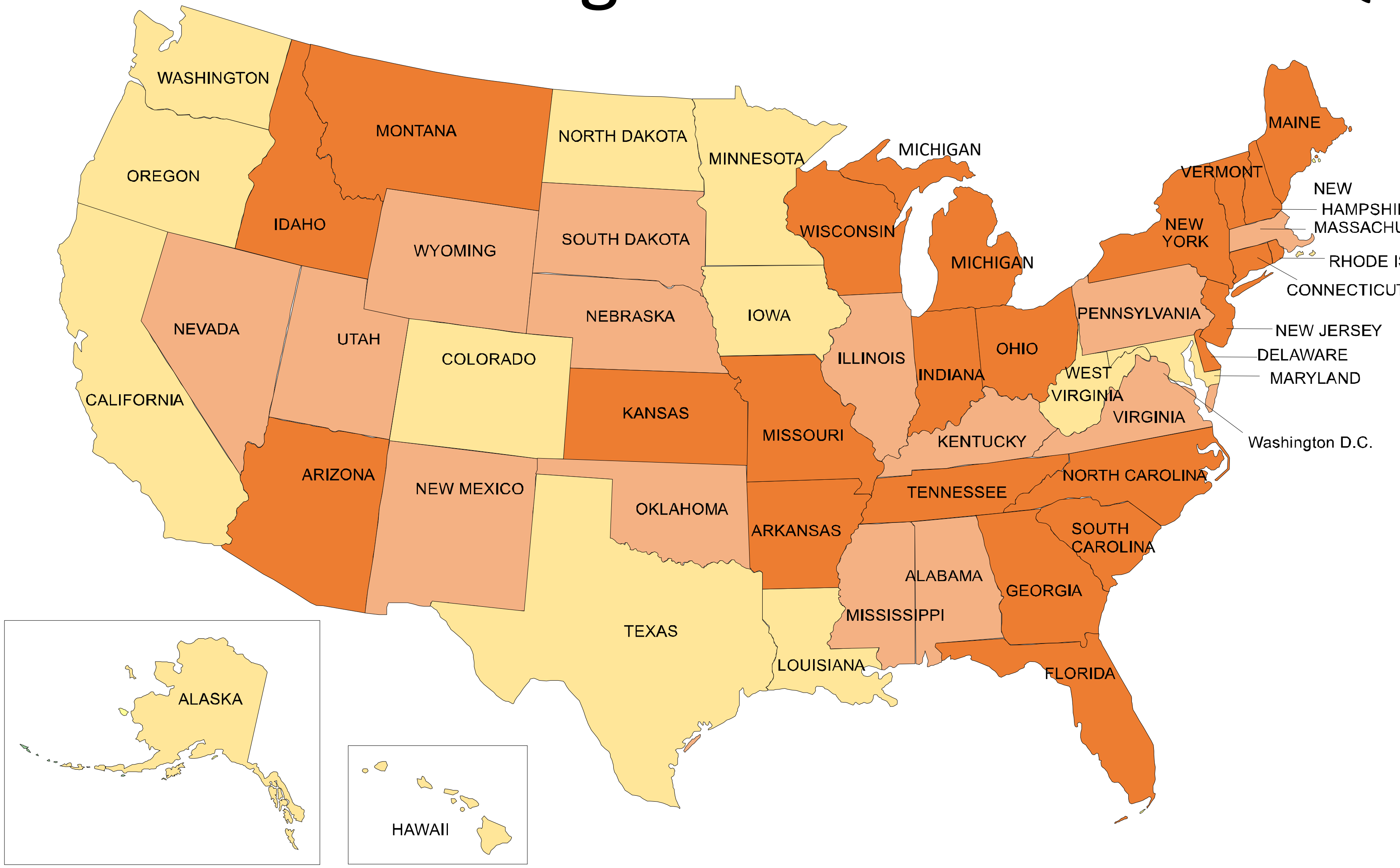
Existing home sales are at a three-decade low of 4.1 million, and the U.S. homeownership rate has declined in each of the past two years, reaching 65.2%.

Average monthly homeowner insurance premiums rose 72% from 2019 to 2025 while property taxes increased 31%.

Home purchase prices rose by 54% nationally from 2020 to 2025

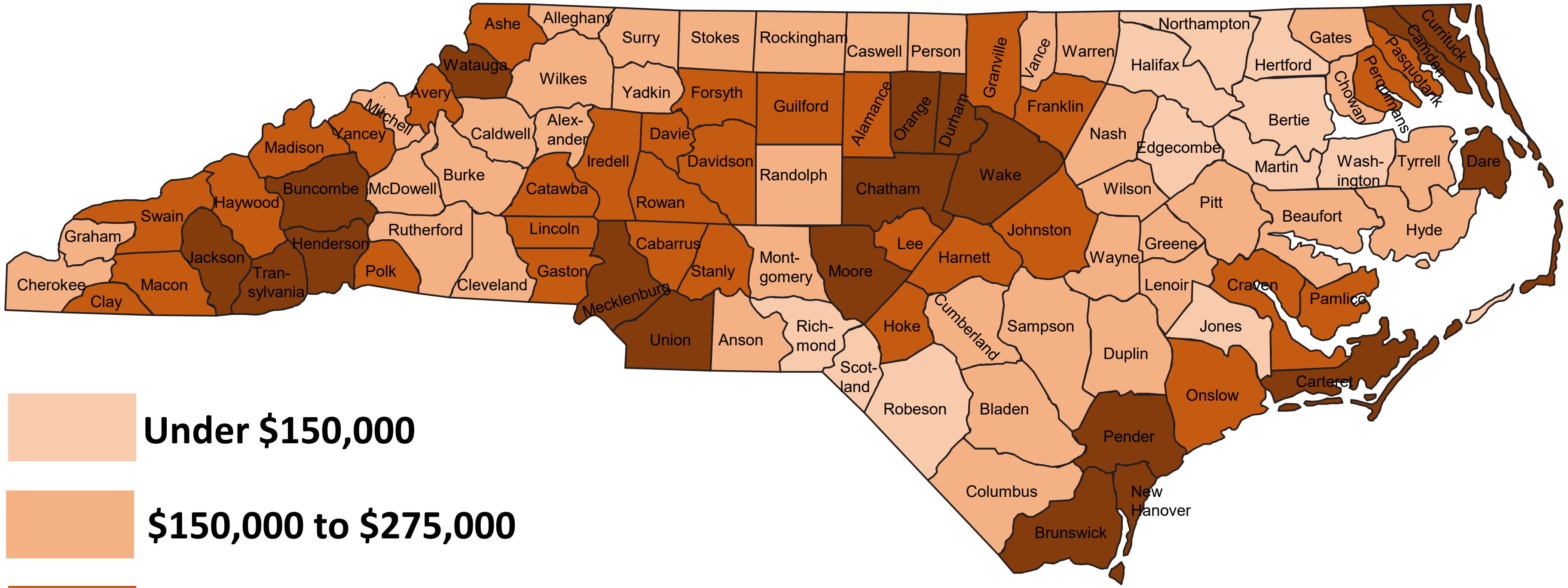
ECONOMIC LEADERSHIP

Housing Price Increase 2020Q1 to 2025Q4



Source: Federal Housing Finance Agency

Home Values: June 2026
NC Average: $340,430



- Under $150,000
- $150,000 to $275,000
- $275,000 to $400,000
- Over $400,000

3

RISK IMPACTS AS COMPETITIVENESS FACTORS

Managing risks today. Strengthening competitiveness tomorrow.

BUSINESS CLIMATE

- Crime Rates
- Fiscal Stability
- Policy Volatility
- Policy Uncertainty
- Permitting Delays

WORKFORCE

- Out-migration
- Training Budget Reductions
- New Competition

INFRASTRUCTURE

- Unaffordability
- Weather Impacts
- Overgrowth

INNOVATION

- Exiting Talent
- College Struggles
- Funding Cuts

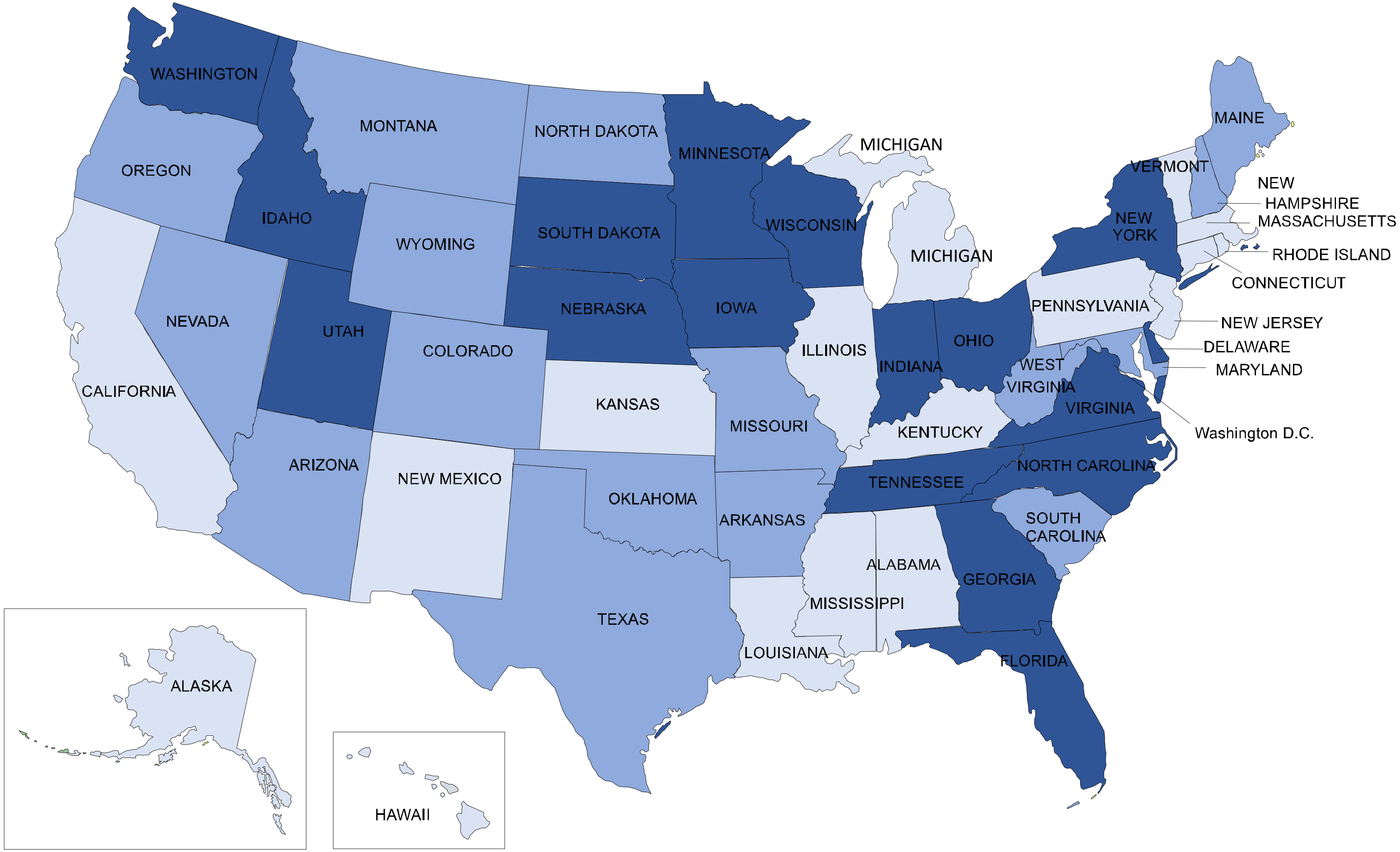
Long Term Fiscal Stability Ranking

Highest Third
#1 - #17

Middle Third
#18 - #33

Lowest Third
#34 - #50

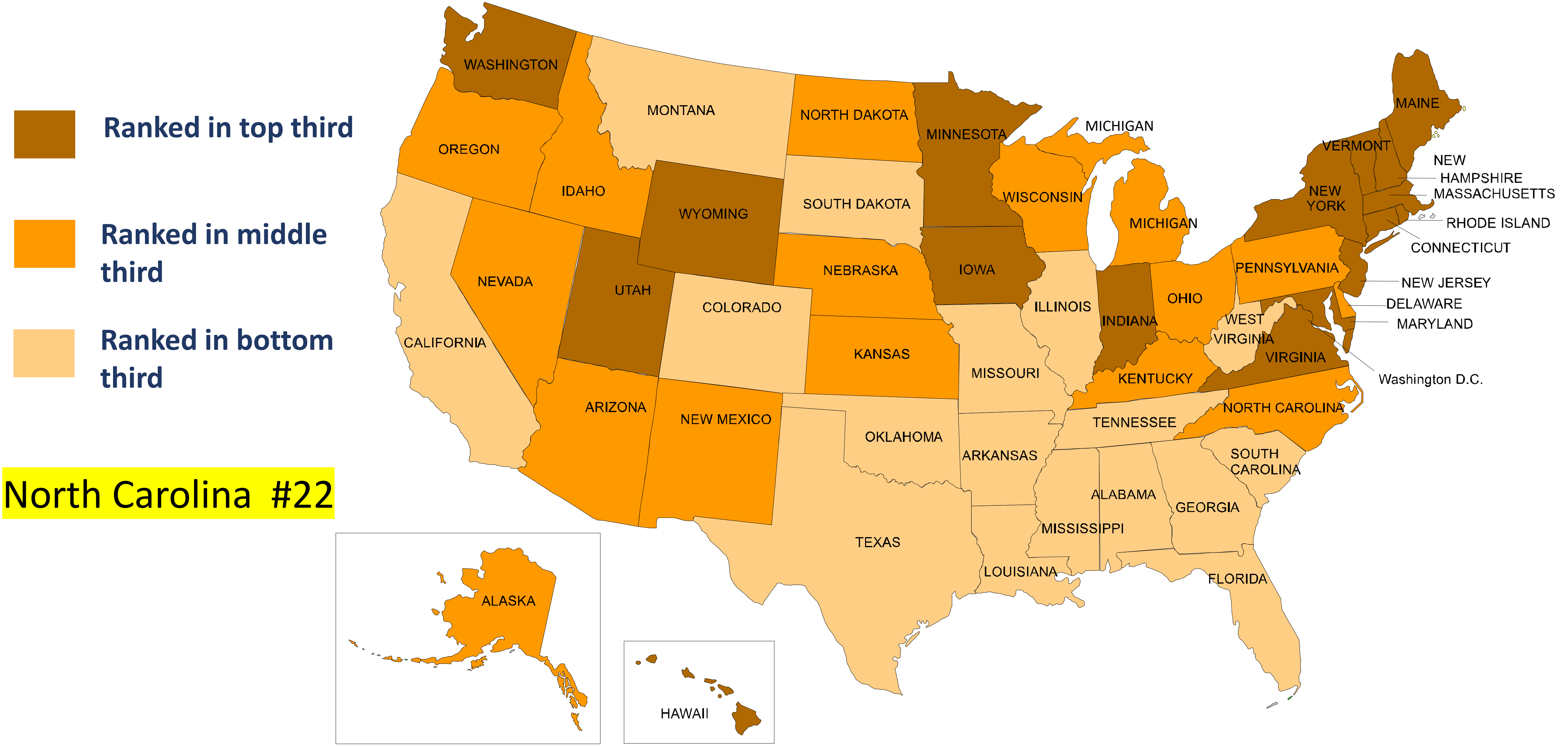
North Carolina #12



Source: U.S. News *Best States Rankings 2026*

ECONOMIC LEADERSHIP

"Safest States" Overall Ranking 2025

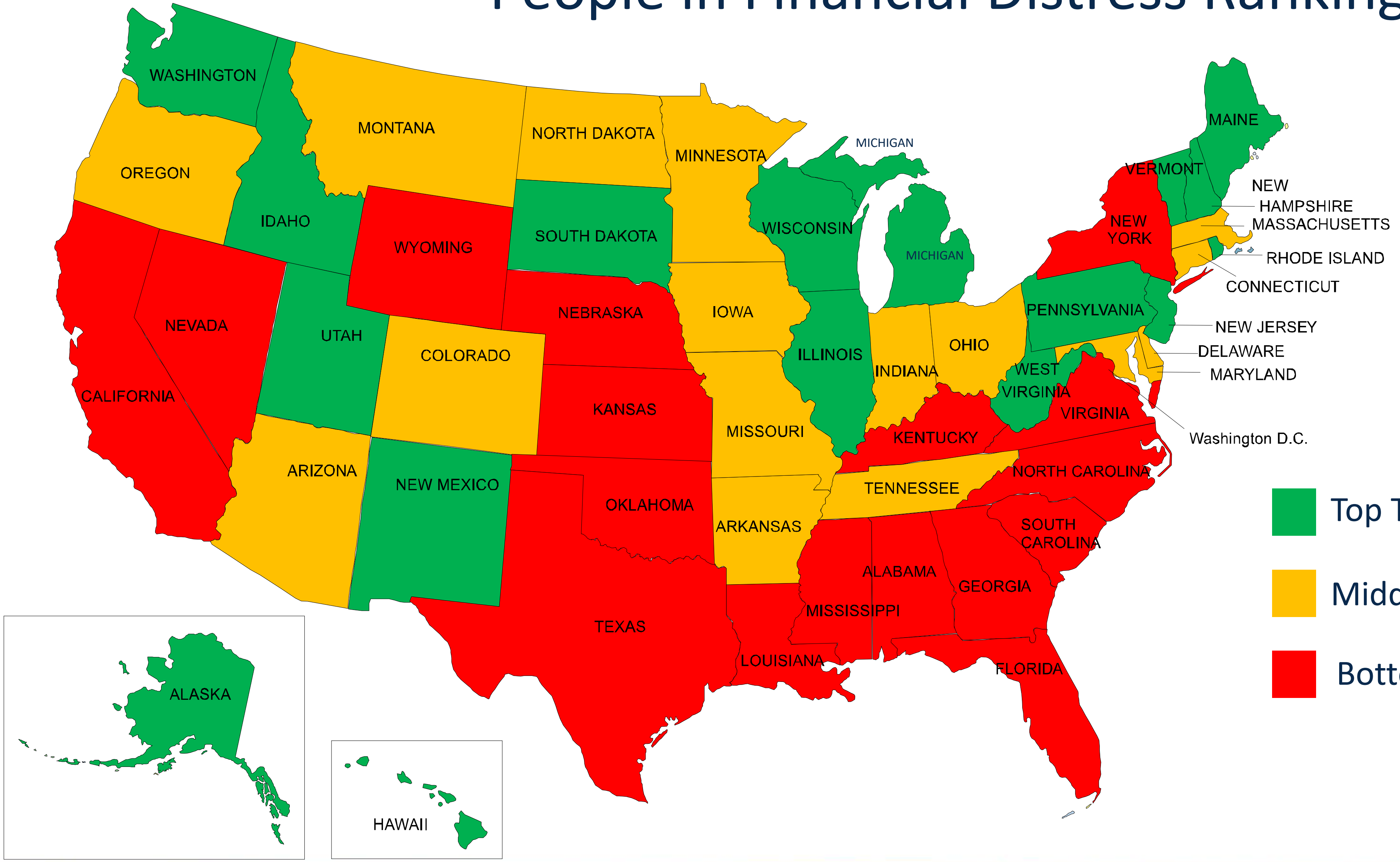


North Carolina #22

Source: Wallet Hub *Safest States in the U.S. 2025*

ECONOMIC LEADERSHIP

People in Financial Distress Rankings



Ranking Metrics Include:
* credit score
* accounts in distress
* bankruptcy filings
* “debt” & “loan” searches

Top Third - Least Distressed

Middle Third

Bottom Third - Most Distressed

Source: WalletHub *States with the Most People in Financial Distress* July 15, 2026

ECONOMIC LEADERSHIP

(The second oldest economic development joke I know)

THE FACTORY OF THE FUTURE

It will have only **two** employees:

A MAN AND A DOG.

The man is there to **feed** the dog.

The dog is there to **keep** the man from touching the equipment.

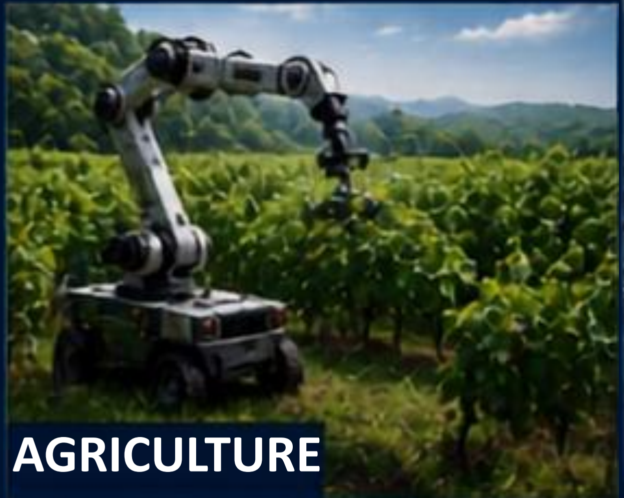
ECONOMIC LEADERSHIP

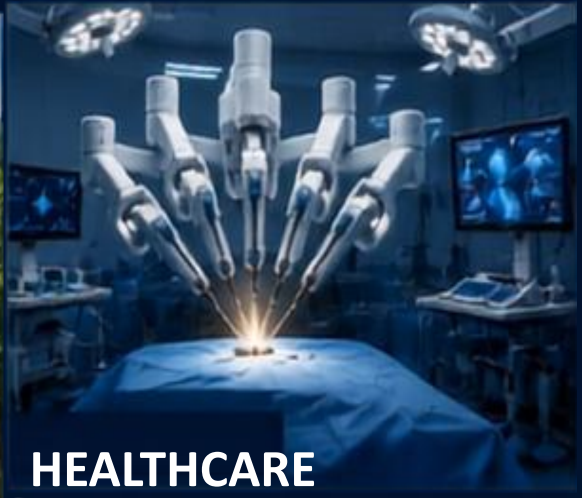
Helping places **compete.**
Helping people **prosper.**

MORE AUTOMATION, INNOVATION & AI

TECHNOLOGIES CHANGING OUR FUTURE

4


AGRICULTURE


HEALTHCARE


MANUFACTURING


CONSTRUCTION


LOGISTICS


WAREHOUSING & DISTRIBUTION

ECONOMIC LEADERSHIP

Artificial Intelligence

Ford CEO Jim Farley declared, "Artificial intelligence is going to replace literally half of all white-collar workers in the U.S. AI will leave a lot of white-collar people behind."

ECONOMIC LEADERSHIP

SOME OF THE MOST HYPERBOLIC HEADLINES ABOUT AI

(AND THEIR SOURCES)

The Economist — JUNE 11TH 2023

AI could wipe out half of all jobs

It's not just hype. Firms need to act now

Forbes — MARCH 29, 2023

AI Will End Humanity: Meet The 8 Doomers Making That Case

Futurism — AUG 2, 2017

Stephen Hawking Says AI Could Spell The End Of The Human Race

yahoo! finance — FEBRUARY 29, 2024

AI Will Make Humans 'Obsolete'—And It Could Happen Soon

THE VERGE — DEC 18, 2023

Sam Altman says AI could 'cause the end of the world'

Daily Mail — MAY 29, 2023

AI will kill off the human race within THREE years, Google engineer warns

MIT Technology Review — MAY 31, 2023

AI could cause human extinction. This paper explains how

THE Sun — JUNE 2, 2023

AI WILL REPLACE HUMANS BY 2060 AND LEAD TO 7.5BILLION JOB LOSSES

BUSINESS INSIDER — DEC 6, 2023

Elon Musk says AI is 'far more dangerous' than nukes and we need to 'be super careful with it'

NEW YORK POST — JULY 5, 2023

AI will 'exterminate' humans as we know it within 100 years, expert warns

These headlines reflect the views of the authors and do not represent scientific consensus.

1962 Release Showing Life in 2062

“AI, in the long run, is [going to] be unbelievable. Just like fertilizer was and tractors and the internet and electricity, it’s [going to] cure cancers. *My guess is our grandkids will be working three and a half days a week. They’ll live to 100. They won’t have all our diseases. That’s good.”*

Jamie Dimon
JPMorganChase CEO

ECONOMIC LEADERSHIP

GEORGE JETSON'S WORKWEEK

AHEAD OF HIS TIME?

THE WORKWEEK IN ORBIT CITY

3 HOURS PER DAY

3 DAYS PER WEEK

9 HOURS TOTAL PER WEEK

George Jetson works a total of **9 hours per week.**

That's less than one workday by today's standards!

THE JOB: SPACELY SPACE SPROCKETS

NOT EVERY INNOVATION CHANGES EVERYTHING

HYPE COMES FAST. **IMPACT TAKES TIME.**

3-D PRINTING

Great technology.
Niche impact.

THE METAVERSE

Big vision.
Limited adoption.

3D TVs

The novelty faded.
The demand didn't.

GOOGLE GLASS

Ahead of its time.
Not ahead enough.

NFTs

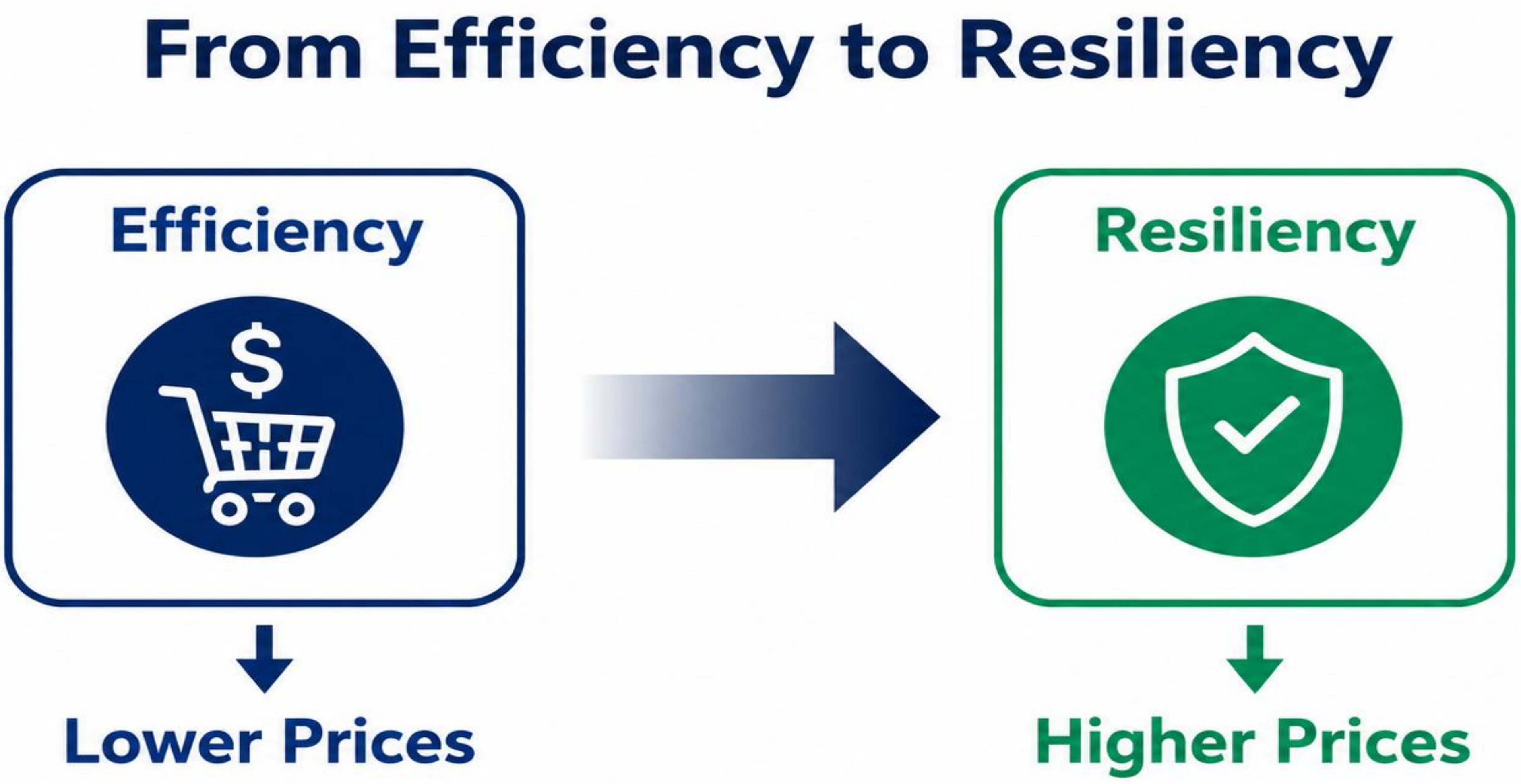
Digital ownership.
Real-world limits.

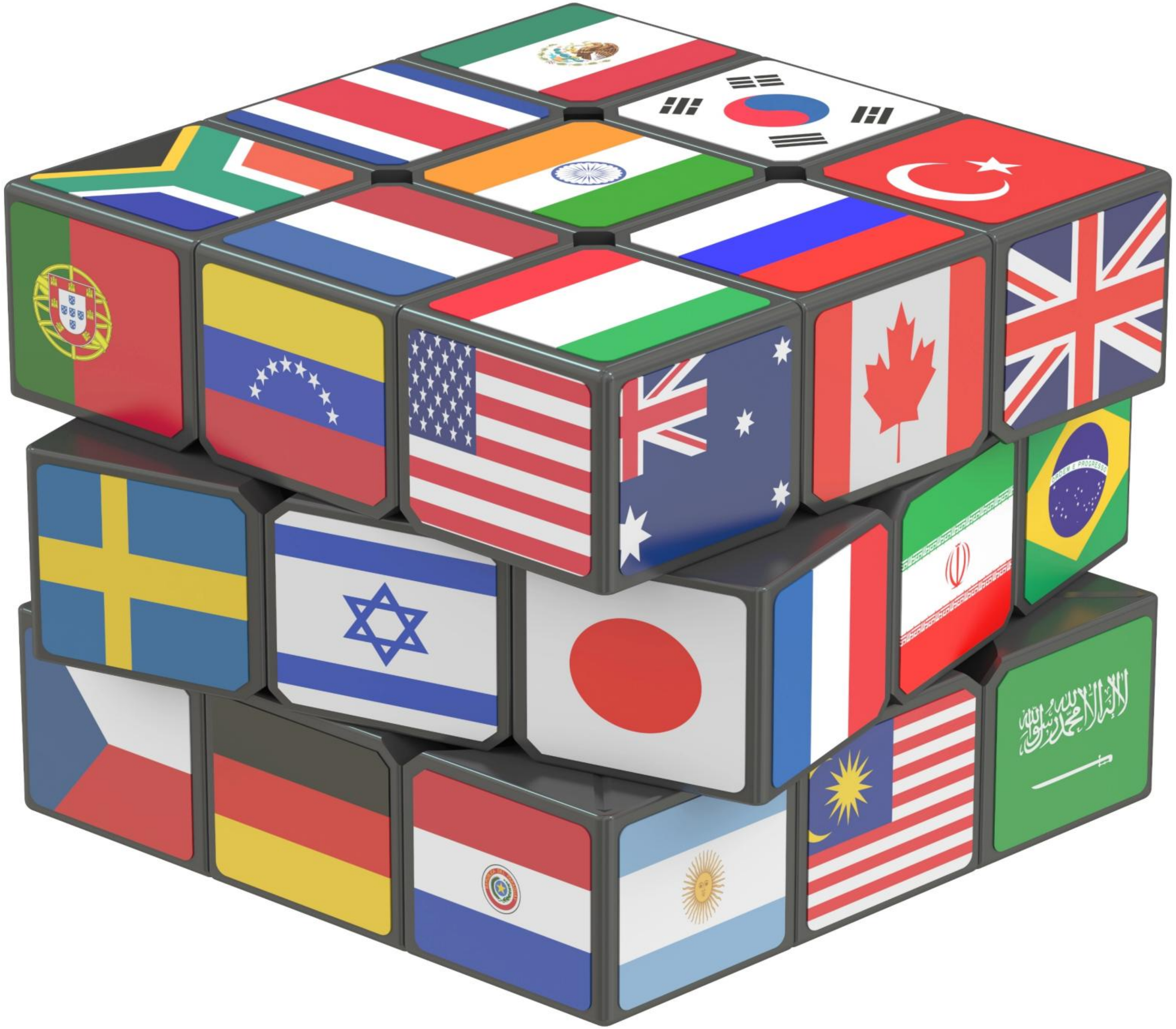
ECONOMIC LEADERSHIP®

5 Globalization 3.0 - The Rules Have All Changed

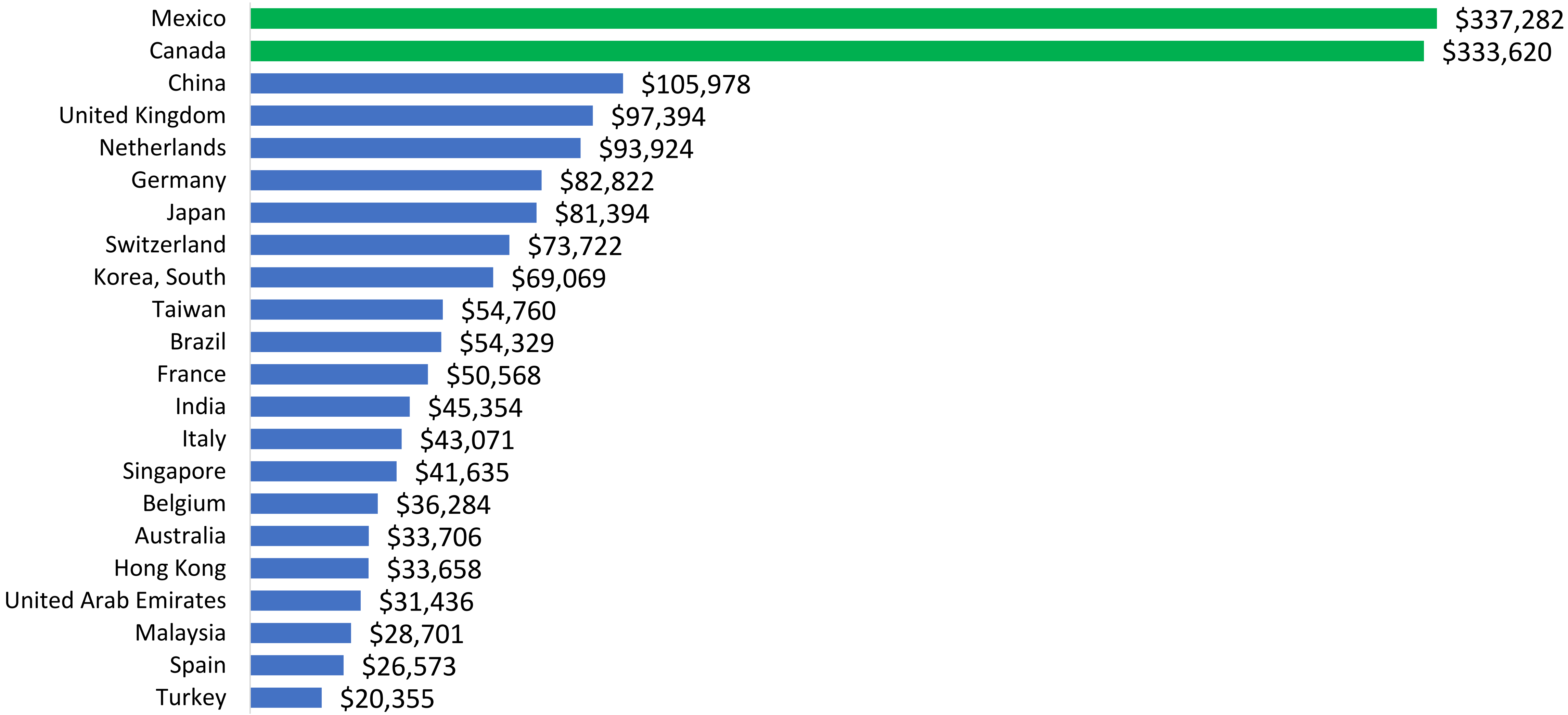
ECONOMIC LEADERSHIP

Public Policy and Businesses Are Prioritizing Security, Reliability and Redundancy.



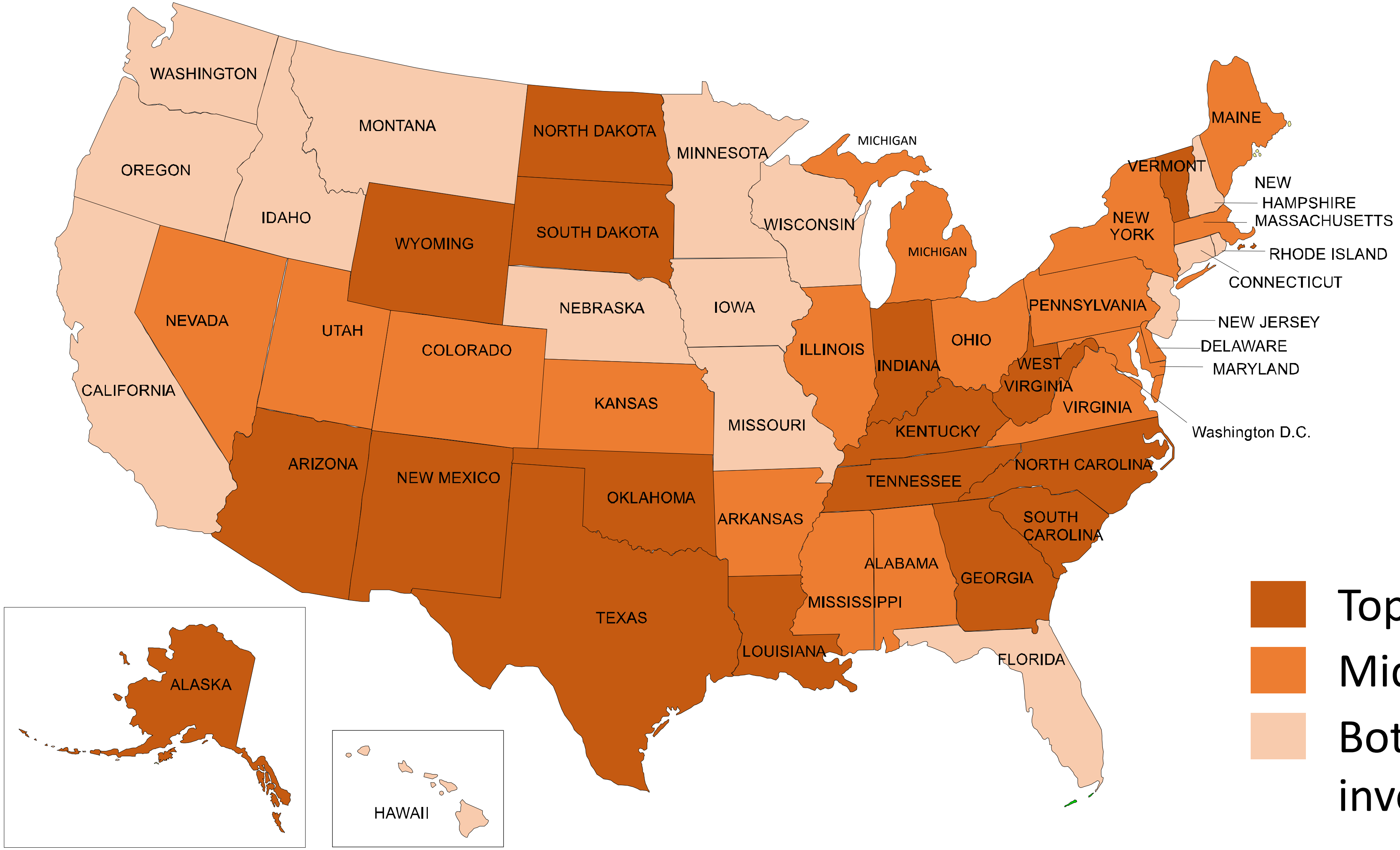


United States Total Exports by Top Destination Country, 2025 $Millions



Source: U.S. Census Bureau

FDI Per Capita Rank 2020-2025



FDI Capex 2020-2025

1. Arizona
2. Texas
3. North Carolina
4. California
5. Georgia
6. New York

Top Third – most investment

Middle Third

Bottom Third – least investment

THE RISE OF SECURITY ECONOMICS

Investing in What Keeps Our Nation Strong, Resilient and Independent

CRITICAL SECTORS. STRATEGIC INVESTMENTS. STRONGER FUTURE.


Defense Production


Grid Security


Critical Minerals


Ports & Logistics


Chips & Semiconductors

ECONOMIC PRIORITIES TO ENSURE NATIONAL SECURITY

Drones & Autonomy


Cyber Security


Food Security

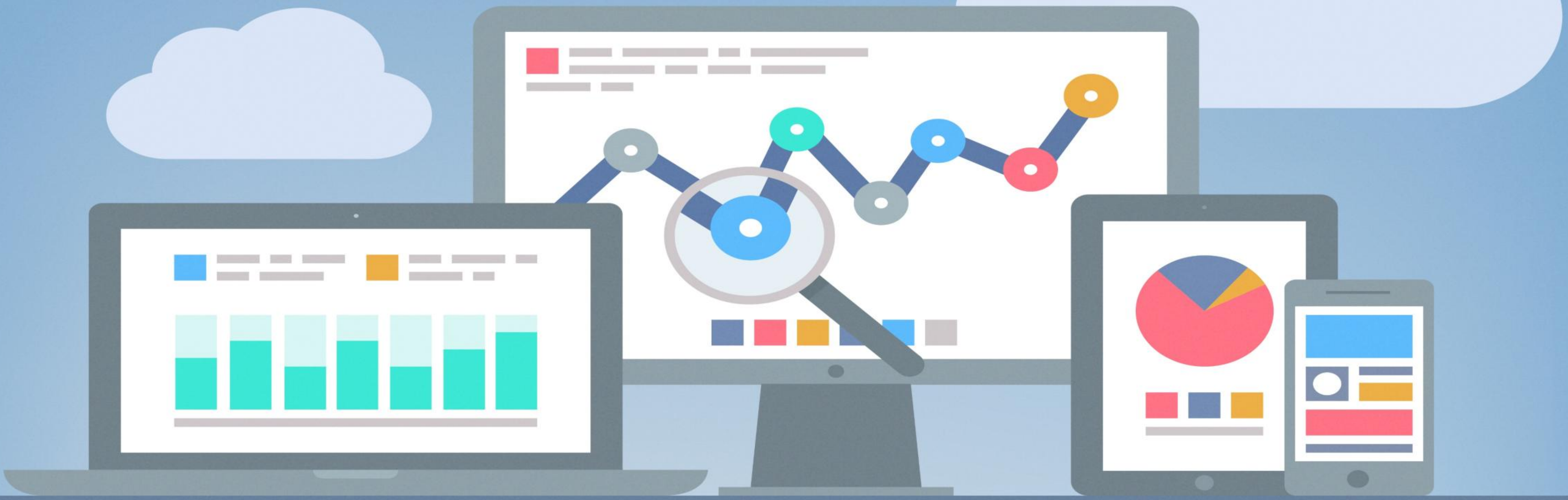

Energy Security


Pharmaceuticals


6

DATA ANALYTICS CREATES GREATER DISPERSION

7



ECONOMIC LEADERSHIP

THE NEW ECONOMIC REALITY: DISPERSION WILL GROW

A widening between winners and losers

PLACES POISED TO OUTPERFORM

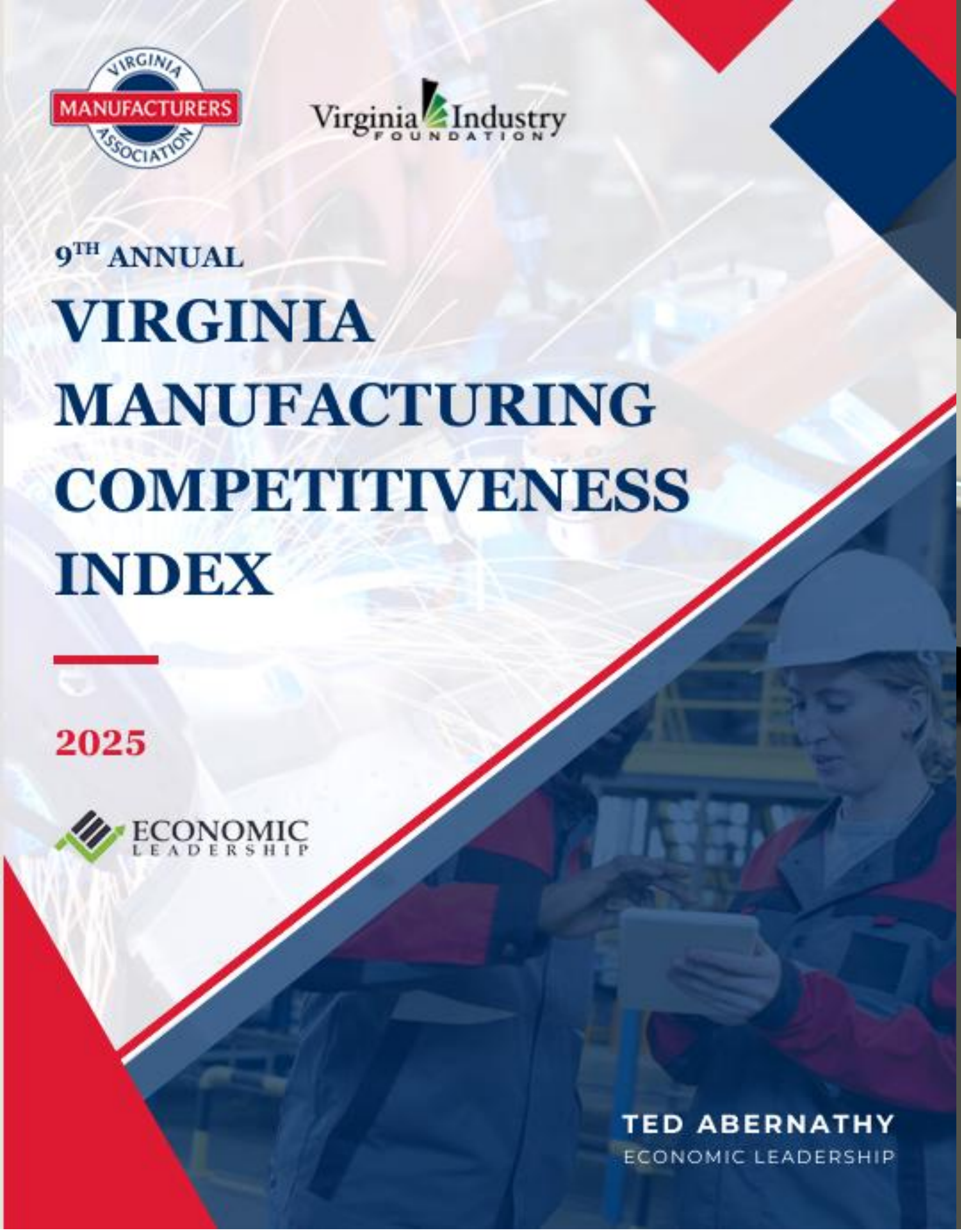
- Pro-Business Regs and Policy Certainty
- Sufficient Infrastructure
- Highly Productive Workforce
- Ability to Rapidly Retrain Workers
- Available, Attainable Housing
- Low Risk, Low Insurance
- Reliable, Affordable Energy
- Welcoming Attitude to Growth

THE DIVIDE

PLACES AT RISK OF FALLING BEHIND

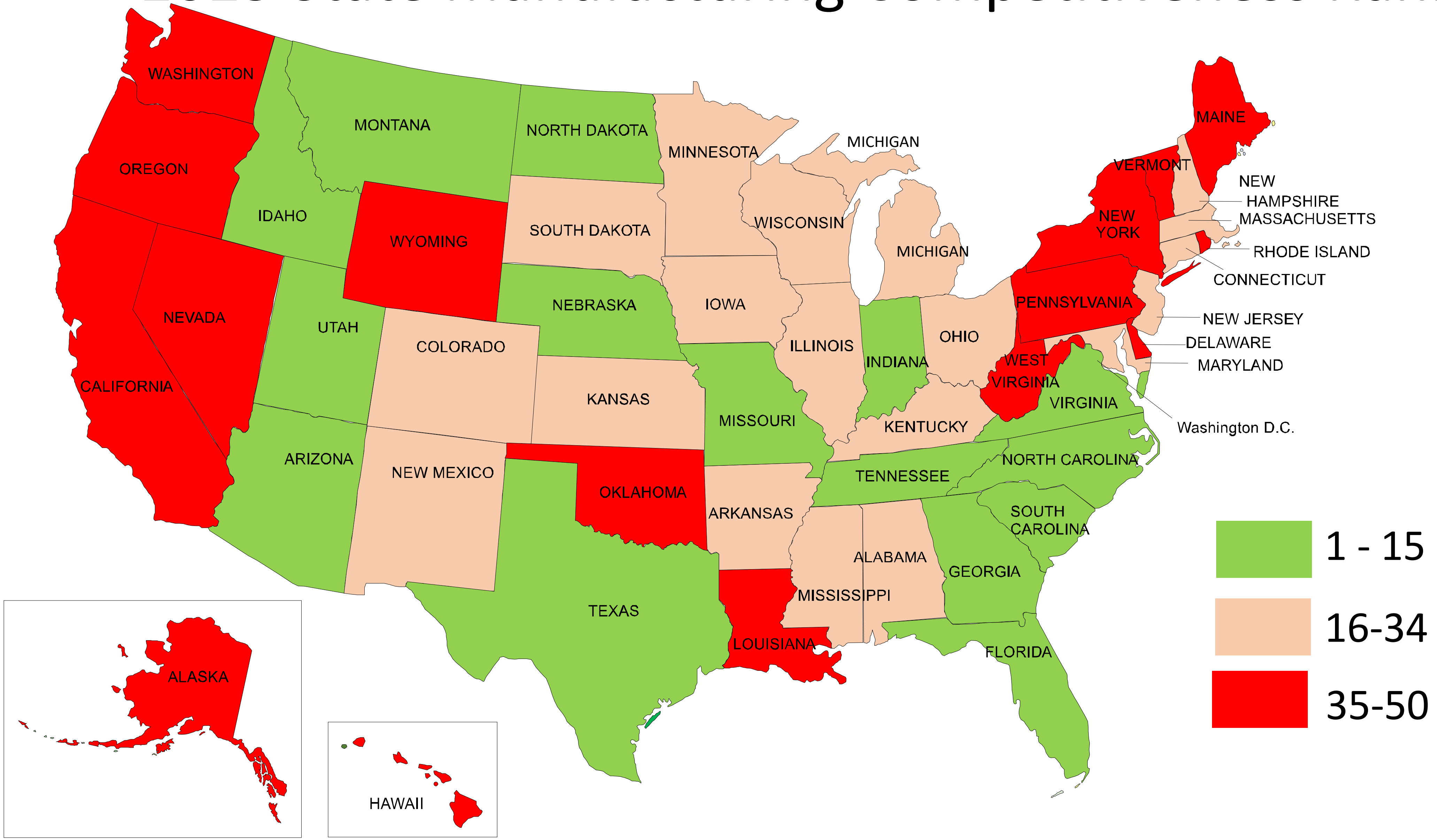
- High Cost of Doing Business
- Red Tape, Slow Processes
- Weak/Over Capacity Infrastructure
- Talent Shortage, Out-migration & Training Limitations
- Unaffordable Housing
- High Insurance, High Risk
- Unreliable, Expensive or Unplanned Energy

**Dispersion is one of the defining economic trends of the next decade.
The gap between successful and struggling regions—and households—will widen.**


MANUFACTURERS
VIRGINIA
ASSOCIATION
Virginia Industry
FOUNDATION
9TH ANNUAL
VIRGINIA
MANUFACTURING
COMPETITIVENESS
INDEX
2025
ECONOMIC
LEADERSHIP
TED ABERNATHY
ECONOMIC LEADERSHIP

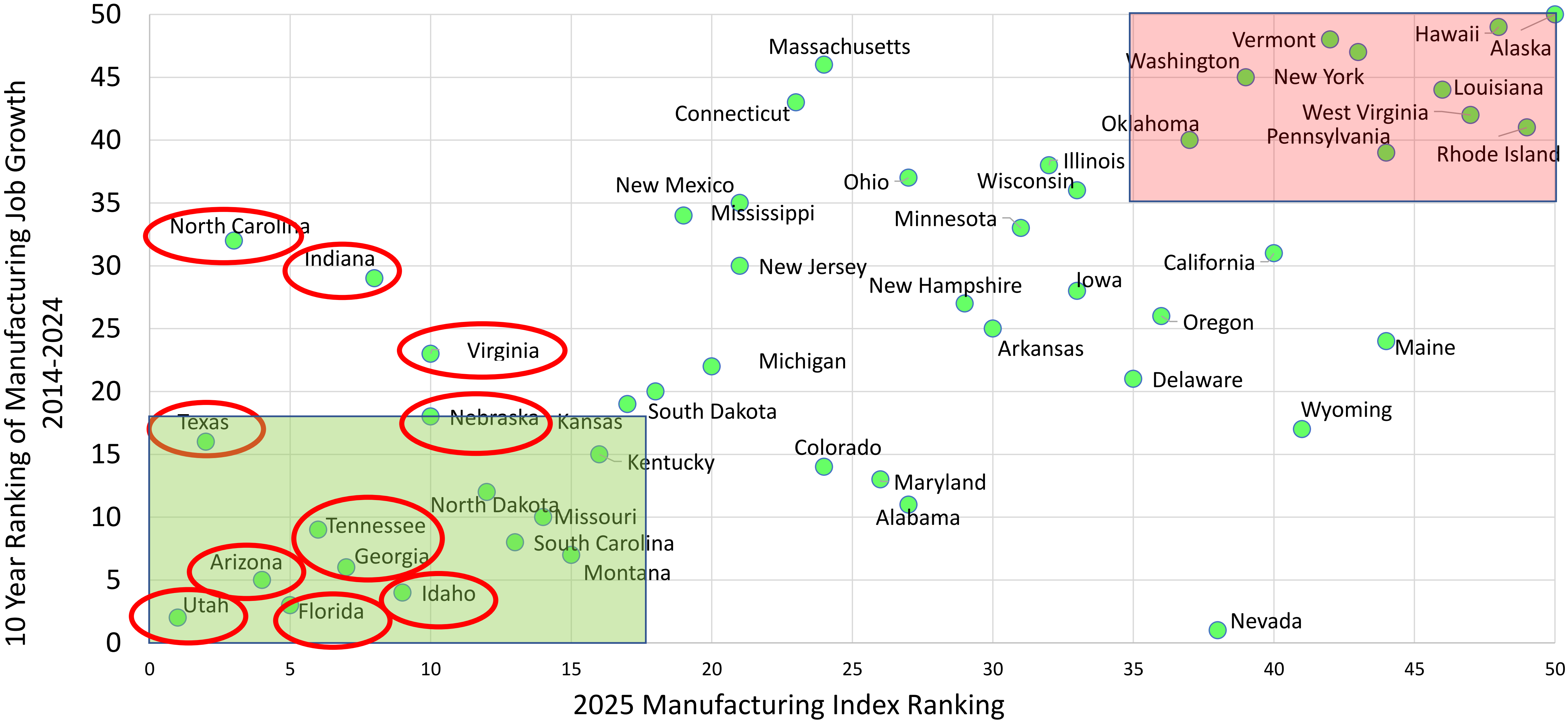

high-tech
manufacturing

2025 State Manufacturing Competitiveness Rankings



ECONOMIC LEADERSHIP

Manufacturing Rankings vs 10 Year Job Growth/Loss



ECONOMIC LEADERSHIP

8

The Unpredictability of Public Policy and Priorities

POLICIES SHIFT
New administrations bring new agendas and directions.

PRIORITIES CHANGE
What matters today may not be the focus tomorrow.

UNCERTAINTY IS REAL
Timelines, funding, and regulations can change quickly.

ADAPT & STAY AGILE
Build flexibility and resilience into plans and investments.

FOCUS ON WHAT YOU CAN CONTROL
Strengthen fundamentals, build relationships, and create long-term value.

ECONOMIC LEADERSHIP

9 Strategic Directions with Relative Certainty Over the Next Decade

Areas where the strategic direction is likely to survive changes in political control.

DEFENSE AND NATIONAL SECURITY

DOMESTIC MANUFACTURING

ENERGY SUPPLY

CRITICAL MINERALS

CHIPS

INFRASTRUCTURE

CYBERSECURITY

COMPETITION WITH CHINA

LEADING IN ADVANCED TECHNOLOGY

Predictable direction does not mean predictable policy.
Both parties may share the same strategic goals but differ on approaches.
Build long-term strategies around enduring national priorities.

9 Strategic Areas with Much Less Certainty Over the Next Decade

Areas where policy direction could change significantly with elections, litigation and priorities.

- IMMIGRATION
- CLIMATE & ENVIRONMENTAL REGULATION
- ENERGY SUPPLY SOURCES
- TAXATION
- HEALTH CARE
- LABOR REGULATIONS
- EDUCATION POLICY
- SOCIAL POLICY & SAFETY NETS
- INTERNATIONAL ENGAGEMENT

Policy volatility adds risk and raises the cost of long-term decisions. Stay informed, plan for multiple scenarios, and build flexibility into your strategies and investments.


SO
WHAT?

WE BELIEVE THE COMPETITIVE FORMULA IS CHANGING

What differentiated places yesterday is increasingly expected today.

1975–2000
BUILD THE ADVANTAGE

- Lower costs
- Infrastructure
- Available labor (RTW)
- Industrial recruitment
- Business-friendly policy
- Population growth

YESTERDAY'S DIFFERENTIATORS

2000–2025
COMPETE FOR GROWTH

- Talent attraction
- Lower taxes
- Incentives
- Quality of place
- Global access/outreach
- Speed to market

TODAY'S TABLE STAKES

2026–2050
BUILD THE CAPACITY TO ADAPT

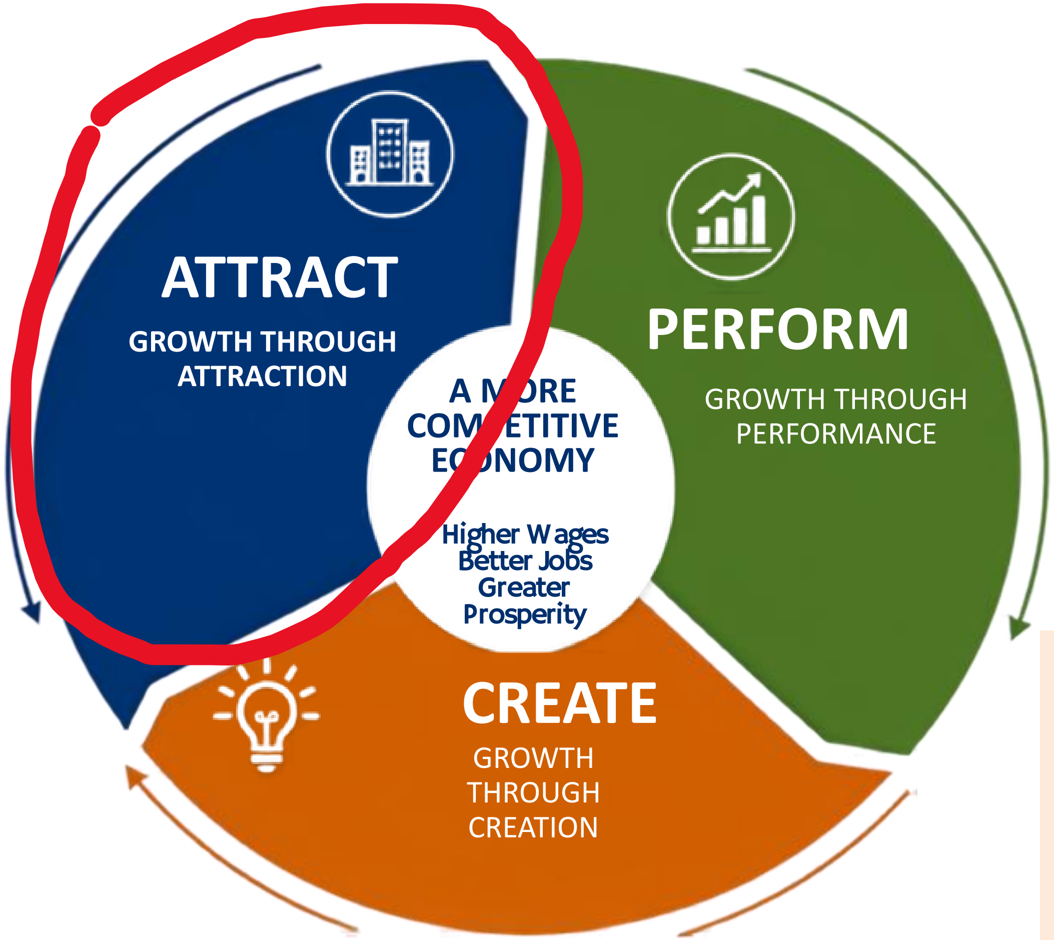
- **Innovation**
- **Productivity**
- **Reliable energy**
- **Technical talent**
- **Resilience**
- **Institutional capacity**

TOMORROW'S ADVANTAGES

HOW COMPETITIVE ECONOMIES CAN CREATE PROSPERITY

Three Types of Engines Sometimes Working Together in a Self-Reinforcing Cycle

- Recruit Companies
- Attract Domestic and Foreign Investment
- Grow Jobs
- Attract Talent

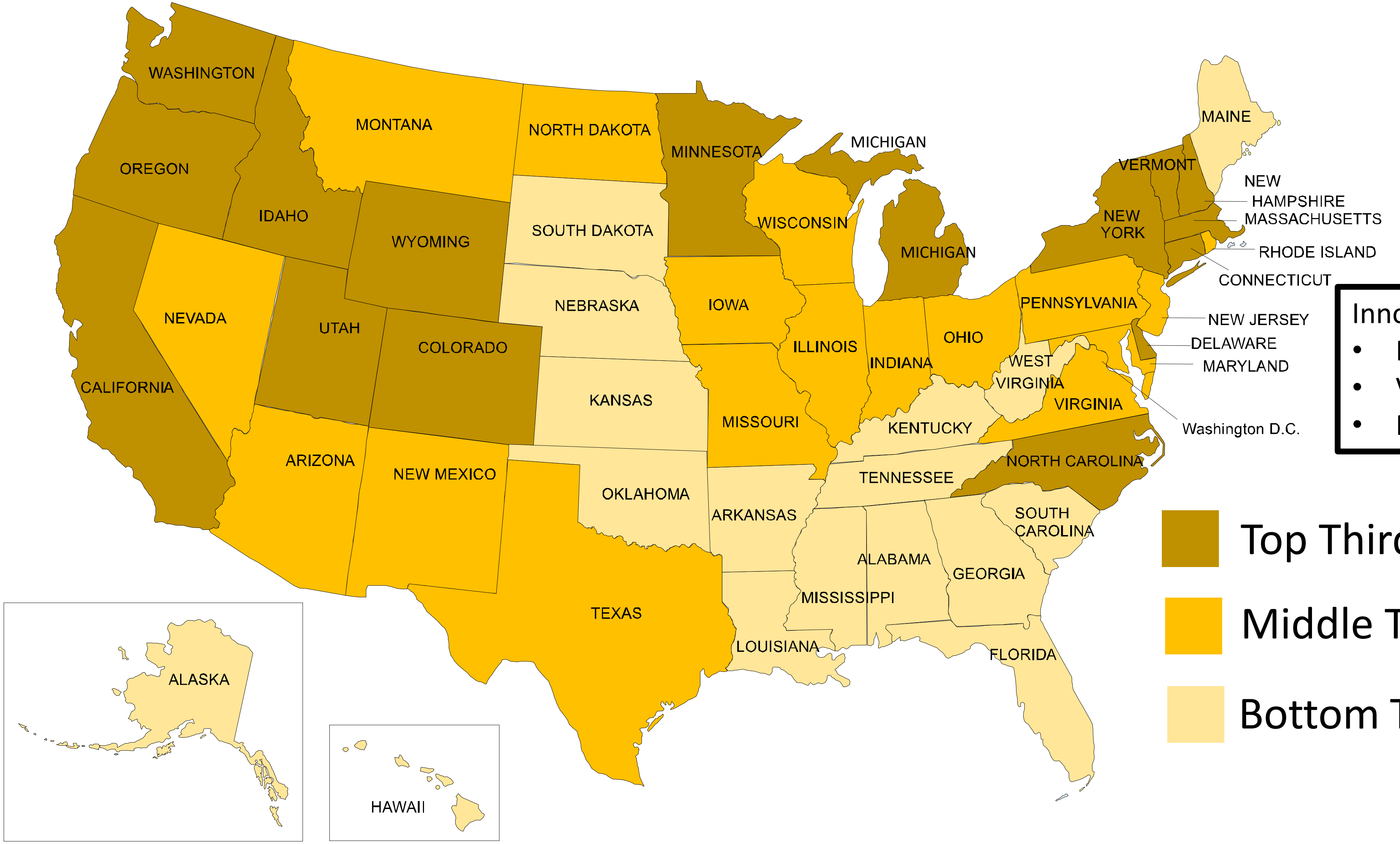


- Increase Productivity
- Pioneer Advanced Technologies
- Upskill workers
- Strengthen Supply Chains
- Increase Exports

- Drive Innovation
- Support Entrepreneurship
- Invest in Research
- Commercialize Ideas
- Launch New Industries

ECONOMIC LEADERSHIP

State Rankings for Innovation 2026



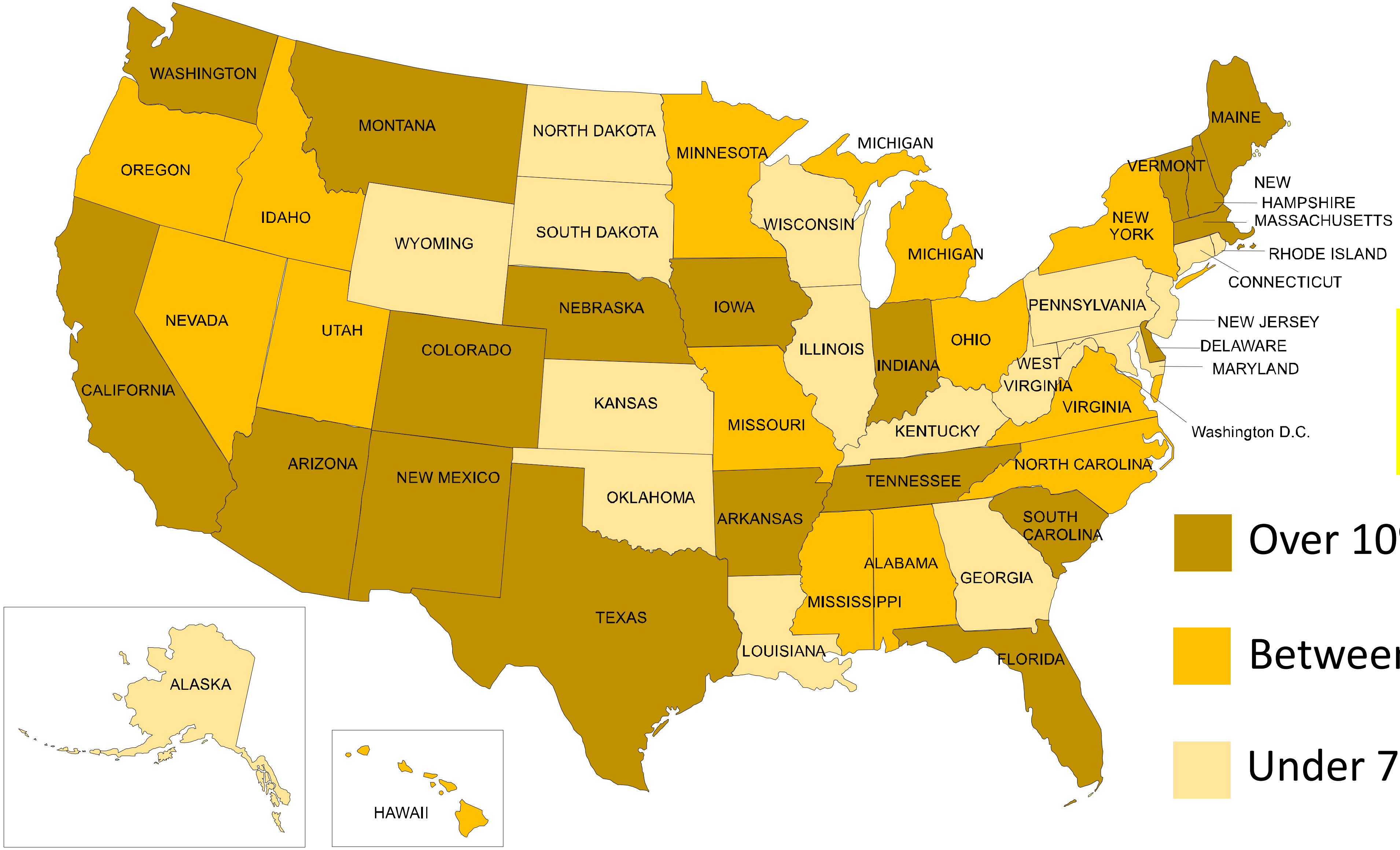
Innovation Rankings
- Patents per 100K residents
- Venture Capital deals per capita
- R&D expenditures per capita

Top Third #1-16

Middle Third #17-33

Bottom Third #34-50

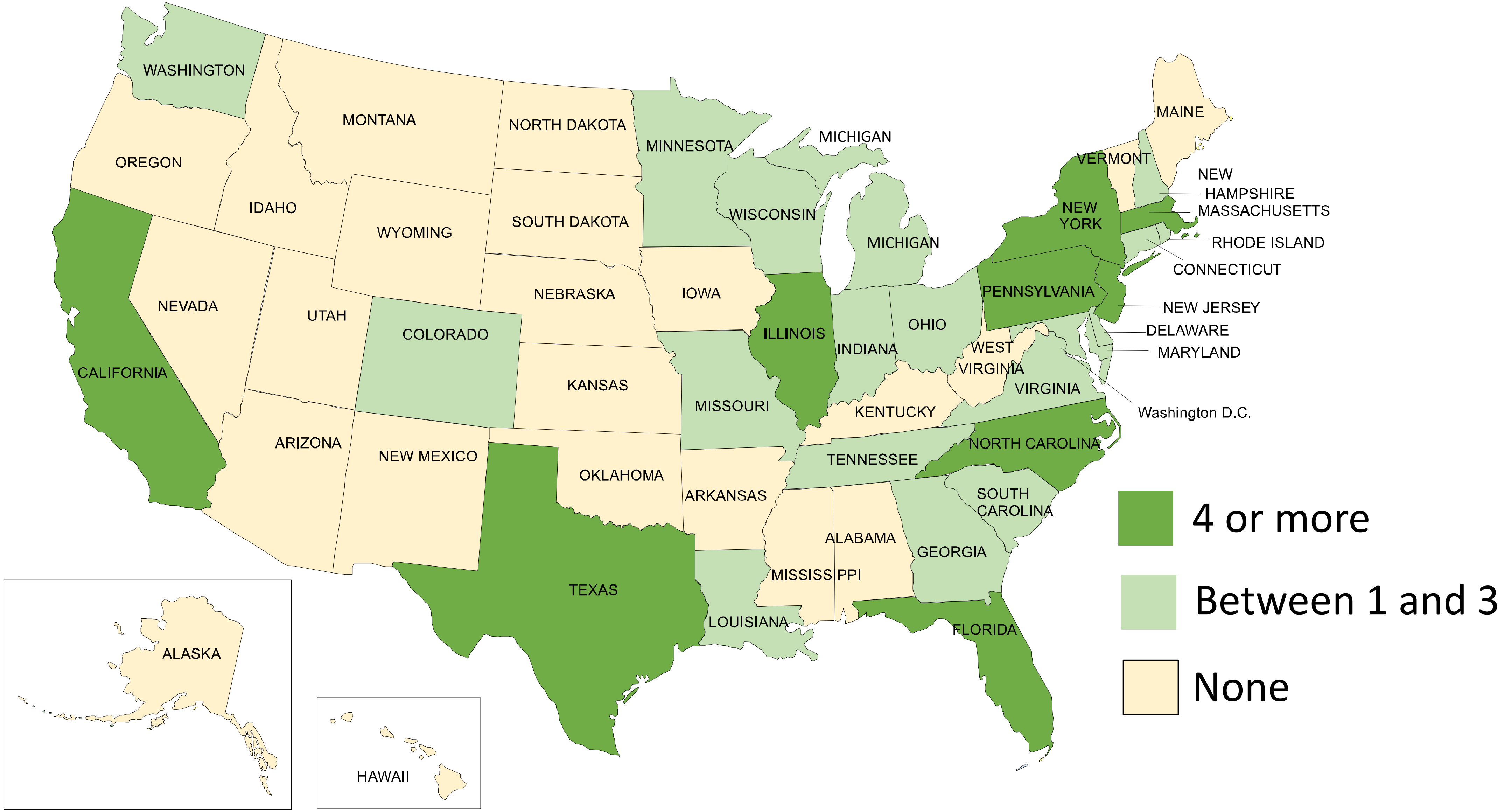
Percentage Change in Productivity 2019-2025



U.S. 9.9%
NC 9.7%

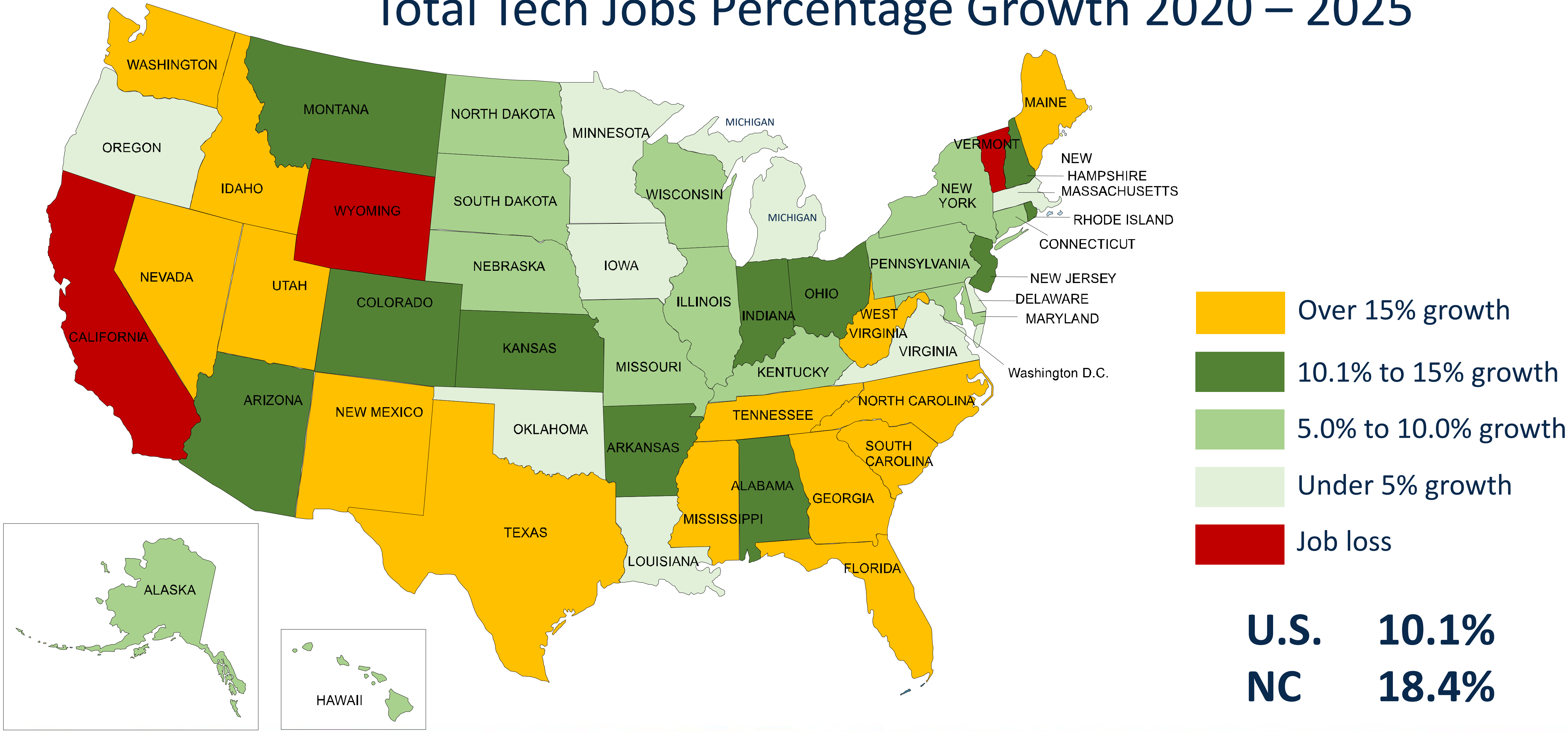
- Over 10%
- Between 7% and 10%
- Under 7%

Number of Universities Ranked in Top 101 of U.S. News



Source: U.S. News & World Report, Sept 23, 2025

Total Tech Jobs Percentage Growth 2020 – 2025



U.S.	**10.1%**
NC	**18.4%**

Source: Lightcast 2026.3

ECONOMIC LEADERSHIP

Emerging

Institutional Infrastructure

"The Capacity to Act"

May Be the Next Competitive Focus

"Institutional Capacity" or the "Capacity to Get Things Done"

Can your place make decisions, mobilize resources, execute complex projects, and deliver results?

Fiscal Capacity	Bond rating; debt/service burden; pension funding; reserves; revenue stability	Can government finance and sustain investments?
Government Effectiveness	Permitting time; infrastructure project delivery; procurement speed; digital services; vacancy/turnover in key positions	Can government actually execute?
Investment Capacity	Capital spending per capita; infrastructure investment	Can the place mobilize money for priorities?
Institutional Strength	Strength/capacity of ED organizations, chambers, utilities, universities, workforce organizations; philanthropic assets	Are there capable institutions beyond government?
Collaboration & Execution	Regional initiatives completed; multi-jurisdiction projects; public-private partnerships; major projects delivered	Do institutional leaders work together?

THE GOAL HASN'T CHANGED.

BUT THE REQUIREMENTS FOR WINNING ARE CHANGING FAST

1975

NATIONAL CHAMPION — OKLAHOMA

1975: The championship game looked different.

2025

NATIONAL CHAMPION — INDIANA

2025: Bigger, faster, more specialized — and data-driven.

THE GOAL HASN'T CHANGED.

BUT THE REQUIREMENTS FOR WINNING ARE CHANGING FAST

Easy questions for me.

Any hard questions for my friend and economist extraordinaire Mark Vitner, tomorrow!

Thank You

IF NOT
NOW,
WHEN?

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www.econleadership.com

ECONOMIC LEADERSHIP

Building Better Economic Leaders