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Davis says recessions are a natural part of cycle.



Regalia sees modest growth by end of 2009.

Business leaders speak of restoring confidence

ALAN M. WOLF, Staff Writer

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RALEIGH - Amid a generally gloomy discussion Monday about the state and national economies in 2009, several business leaders and economists advocated taking more of a positive spin to spur a speedier recovery.

"Attitude matters," Progress Energy CEO William Johnson told a group of about 1,300 executives and politicians gathered for an annual economic forecast forum.

"We have to restore confidence and trust in our economy and business community," he added. "We have to overcome the psychology of anxiety."

The forum, held by the N.C. Bankers Association and N.C. Chamber, was largely focused on things getting worse as the housing slump and credit crunch continue to squeeze businesses and workers. The state's jobless rate, which jumped to 7.9 percent in November, will probably peak "in excess of 9.5 percent" and not start to improve until 2010, said Harry Davis, the bankers association's economist.

"Businesses large and small, urban and rural, are struggling to survive," Gov.-elect Beverly Perdue said.

But Davis and Martin Regalia, chief economist of the U.S. Chamber of Commerce, both predicted a slow recovery taking hold by later this year. The healing catalysts include low interest rates, a massive federal stimulus package and restored confidence in financial markets.

"Be patient," Davis said. "We're not going to come out of this thing in any hurry."

RECESSION REMAINS: Regalia expects modest growth in the second half of the year, but he doesn't think there will be any job growth this year. "A lot is going to have to go right to get us out of this," he said.

The recession, which began in December 2007, will likely last 20 months, longer than the 16-month downturn during the early 1980s, Davis said. He also reminded the audience that

recessions, though painful, are a natural part of the business cycle. "We have to cleanse the system, we have to burst bubbles," he added.

CREATING JOBS: The priority of business and government officials should be to find new ways to create jobs, several speakers agreed.

Purdue pointed to the positive effects of state and federal money for new construction projects and mentioned she will consider "targeted tax cuts" to keep North Carolina's reputation as a business-friendly state. She plans to lobby hard to attract federal stimulus dollars and will meet today with departing Gov. Mike Easley and the other eight members of the Council of State to approve \$700 million in borrowing for more than two dozen state building projects.

She also will revive a business advisory council that will make suggestions to her administration as it searches for "opportunities to re-energize the state's economy."

That promise pleased audience member Cynthia Marshall, president of AT&T's operations in North Carolina. "It's important for us to have a regular seat at the table," she said after the forum.

Cooperation with state and local officials was key to the telecommunications company's decision to open a new call center last year in Goldsboro with 400 jobs, she added. And Marshall said that as AT&T continues to expand despite the downturn, she will lobby her bosses to bring more jobs to this state.

COURTING COMPANIES: As companies across the country look to control costs, this is a good time to recruit ones that want to move to this state, Progress Energy's Johnson said. But it's also crucial to "make sure our native companies stay strong."

Indeed, a top priority for incoming N.C. Commerce Secretary Keith Crisco, Purdue said, will be to "support existing businesses across North Carolina, not just new ones."

alan.wolf@newsobserver.com or 919-829-4572

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