

Taking the Pulse of Health Care

Much has been written of late about the jobless recovery, but this issue of *EconSouth* examines an industry that has remained largely unscathed by job losses: health care. Associate editor Nancy Condon, in looking at health care jobs, found signs of vigor in an otherwise ailing job market. Job growth in health care has been consistently strong for the past two decades, even through three recessions, and analysts forecast that it will continue to be strong for decades to come, thanks to aging baby boomers.

This is not to say that all has been rosy, Condon noted. She learned that many hospitals are cutting jobs or services to accommodate anticipated changes resulting from the Affordable Care Act signed into law last year. “The region’s hospitals were already strained because of previous cuts to Medicare and Medicaid reimbursements over the past few years,” she said. “The recent debt ceiling crisis put these programs on the cutting block again. And something else I learned that really surprised me was that more than half of the patients that hospitals treat are covered by Medicare and Medicaid. So when these programs get cut, so does the hospitals’ ability to provide services and maintain their staff.”

One of the stalwarts of the Southeast’s economy—manufacturing—remains a sector in transition. Staff writer Charles Davidson examined the sector’s profound changes and found that, though they are wrenching for many, they have resulted in a globally competitive infrastructure. “A few things struck me in doing the manufacturing story,” Davidson said. “One was the sheer magnitude of the job losses. More than one in three factory jobs in the Southeast has disappeared since 2000, and that trend was estab-

lished when the economy was humming. Finally, it’s one thing to read and hear about how high-tech manufacturing has become,” he added. “It’s another to actually see a place like the Kia plant in West Point, Ga. The efficiency is staggering. It looks like every movement of robots, parts, and people has been planned down to the millisecond.”

Once more, into the breach

Every business—as well as individuals—has become aware of the need to remain vigilant about personal data lest they fall victim to identity theft. Jennifer Windh, a payments risk analyst in the Atlanta Fed’s Retail Payments Risk Forum, said that her research into the topic was eye-opening even for someone well informed about the issue. “I have been following news reports of data breaches for several years now, so I thought I had a pretty good idea of the magnitude of the problem,” she said. “However, even I was taken aback by the volume of data breaches documented by the Identity Theft Resource Center. We all hear when high-profile players like Citibank or Sony have a breach incident, but we don’t hear about the local university, hospital, or elementary school data breaches.

“When you start to think about the multitude of organizations that collect your personal information, from the government and your employer to the many stores where you shop and all the schools you’ve ever attended, it becomes a little overwhelming,” she said. “The only reasonable attitude to take in an environment of such pervasive data collection is constant vigilance.”

On Point continues on page 29

Free subscriptions and additional copies are available upon request to

**Public Affairs Department
Federal Reserve Bank of Atlanta
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470
or by calling 404/498-8020**

EconSouth is also available on the Atlanta Fed’s website at frbatlanta.org.

Change-of-address notices, along with a current mailing label, should be sent to the Public Affairs Department.

The views expressed in *EconSouth* are not necessarily those of the Federal Reserve Bank of Atlanta or the Federal Reserve System.

Reprinting or abstracting material is permitted provided that *EconSouth* is credited and a copy of the publication containing the reprinted material is sent to the Public Affairs Department.

ISSN 0899-6571

Editor’s note: Throughout this issue, Southeast refers to the six states that, in whole or in part, make up the Sixth Federal Reserve District: Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee.

Photos p. 5: courtesy of Florence/Lauderdale Tourism; pp. 22 and 23 courtesy of Kia Motors; p. 25 courtesy of the Library of Congress photographic archives (top) and Kia Motors (bottom); p. 27 courtesy of the Library of Congress photographic archives (left) and Kia Motors (right); back cover courtesy of Kia Motors (left) and the Library of Congress photographic archives (right).

On the Ground continued from page 16

in tourism last year. This increase was attributed to a variety of factors but most predominantly was a combination of consumers wanting to travel shorter distances and economize on their vacation spending and wanting to avoid the issues related to the impact of the oil spill on the Gulf Coast beaches.

Turning to 2011, east Tennessee tourism was reported as being solid during the first four to five months of the year, with most businesses up slightly from the same period in 2010. However, based on recent anecdotal information gathered from our contacts in the area,

summer tourism through July is down about 10 percent compared with last year and has returned to more of a trend growth rate. This information seems to confirm reports we've been hearing from my regional executive colleagues in Florida, that tourists have returned there this summer. The Gulf Coast beaches are back to their pristine condition, and apparently consumers have adjusted to the current level of gas prices.

Robert Musso, regional executive at the New Orleans Branch: I think several factors are contributing to the recent uptick and success we have seen

in the tourism arena. First, New Orleans is considered one of the three "brand" cities in the United States, and with the value of the dollar down this has been attracting many foreign visitors. Second, many U.S. citizens who cannot go abroad have chosen New Orleans as a destination because it is seen as exotic, with a European flavor. Finally, the renaissance the city has undergone since Hurricane Katrina has made it a very attractive destination. There's more shopping, better museums, more restaurants, better accommodations, etc. ■

On Point continued from page 1

Thinking globally, acting locally

The global economy is more interconnected than ever, as unfolding events in Europe have vividly illustrated. For his story on capital controls, research analyst Andrew Flowers looked at how some nations have attempted, with varying success, to control the effects of outside investment on their economies. "The issue that interested me the most during the course of my research for this article was the ebb and flow of the power of the International Monetary Fund," he said. "Following the Asian financial crisis of the 1990s and continuing through the relatively stable era of global growth in the 2000s, the IMF seemed to have lost a good deal of its influence as a policy-making institution. With regard to loans and policy monitoring, economists and emerging-market policymakers began to

see either other institutions or the international financial markets themselves as having more influence on policy.

"Then—during and following the financial crisis—things changed. The IMF suddenly had much more of a prominent role, whether it was facilitating policy responses on the international level, providing loans to emerging market countries in distress, or being a key player in the ongoing attempt to resolve the European sovereign debt crisis. And on the subject of my article—capital controls—the IMF has in this area, too, gained great visibility in restarting this conversation about the efficacy of such policies, whether it's reasonable for countries to implement them and under what conditions."

In our next issue, we will feature our outlook for the regional, national, and

international economies in 2012. The Atlanta Fed's research department always delivers an insightful look ahead at the coming year. ■

Lynne Anservitz
Editorial Director