Arlington survey has some seeing positives

By Jim Fuquay
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ARLINGTON — Arlington business leaders foresee a better economy in 2003, but nothing like their unbridled optimism of the late 1990s, according to a new survey.

Nearly 52 percent of the 238 respondents said they expect business conditions in Arlington to improve this year, compared with 18 percent who expect conditions to worsen. The remainder expect no change.

The survey was sponsored by the Arlington Chamber of Commerce and the University of Texas at Arlington and presented at Thursday's 2003 Economic Outlook Conference, sponsored by the chamber. Also speaking at the conference were Bob McTeer, president of the Federal Reserve Bank of Dallas; Waco economist M. Ray Perryman; Jeff McGee, chairman of the management department at UT-Arlington College of Business; and Arlington Mayor Elzie Odom.

Survey respondents said they expect the Arlington economy to continue to grow by 2.3 percent in 2003, compared with their expectations of just 1.4 percent in 2001 and 4.6 percent in 2000. No survey was conducted in 2001, which could have been due to the Sept. 11 terrorist attacks and organizers felt the results would be skewed.

About 80 percent of survey respondents were owners of small businesses, who were generally less optimistic than larger companies that participated, McGee said.

Two questions on the survey concerned capital spending and employment, and the answers would seem to tie into comments by McTeer and Perryman. Respondents said they expected capital spending and employment each to grow less than 1 percent.

Lack of business investment in new plants and machinery has been one of the principal causes of the current economic sluggishness, McTeer said.

And anemic job growth, he said, is hindering consumer confidence even as the national economy continues to show uneven growth each quarter.

"Those gross domestic product numbers don't feel right, and the reason is job growth," McTeer said. Consumers aren't seeing a drop in unemployment rates and are seeing continued layoffs, undermining their perception of the economy, he said.

McTeer noted that the economy is following a pattern seen in the 1990-91 recession, when employment didn't start to grow until 18 months after the economy resumed growing. Instead of hiring, he said, employers prefer to boost employees' hours and overtime until it's certain that business has recovered.

"That's at least partly seen at General Motors' Arlington assembly plant," McTeer said.

General Manager Mike Glinski, who attended the conference, said he has been notified that the plant will probably remain on weekly overtime through June. The plant continues to churn out popular full-size sport utility vehicles, and the pace isn't expected to let up at least through the plant's annual model changeover in July, Glinski said.

Perryman said that combining sluggish employment with the falling stock market is a recipe for worry.

"If you don't feel good about your job and your retirement, you don't feel good about the economy," he said.

He said, however, that companies have put off hiring new workers about as long as they can and that he expects job growth to start in March or April. He expects the Texas economy to add about 150,000 jobs in 2003, compared with a loss of nearly 40,000 jobs between November 2001 and November 2002.

Jim Maibach of Psyco Southwest Realty, who also attended the conference, expressed confidence in a recovery this year. He said he has two industrial projects under way.

"I'm building because I think the market's going to turn this year, and I'm going to have product" to show when demand picks up, he said.

In other survey results, 41 percent of respondents said they believed that Arlington's business climate was good or excellent. That compares with 37 percent in 2001. They ranked air transportation, real estate costs and skilled labor availability as the top pluses.

Asked if the city should use a half-cent sales tax to fund economic development activities, 43 percent said no and 36 percent said yes. The rest had no opinion.

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