

# Tacks in the Road

By Mayor John Brodman

## My two-cents worth

**Out with the old and in with the new.** Happy New Year! I hope everyone had an enjoyable holiday. I certainly want to thank all who made our holidays both safe and memorable, but it's time to finish the eggnog, put the decorations away and look at what's ahead. This is the time of year for introspection, when people assess the past, resolve to be better persons and plan for the future. Some brave souls even make predictions. I will confidently predict that as long as we are living in the shadow of the virus, we are likely to continue to experience heightened levels of volatility in financial markets, commodity prices, and manufacturing and delivery schedules. In all likelihood, the pandemic will continue to have an impact on how, when and where we work. This year is also a mid-term election year, which is another cause of uncertainty, but that's all I will say on that subject. On the bright side, we can look forward to watching Steven Spielberg's remake of "West Side Story."

The economic upheavals and trauma that accompanied lockdowns in 2020-21 are leading many people to reassess their work/life balance. The unemployment rate has fallen to 4.2% in a very tight labor market, and there are now 2.4 million fewer people in the labor force than before the pandemic. Many people, especially aging Baby Boomers, have simply dropped out. The Bureau of Labor Statistics estimates that there are now 3.6 million more job openings than there are unemployed workers, or three job openings for every two unemployed members of the work force.

Many of us grew up in a time when good jobs were scarce, and if you had one, it was worth preserving. Labor market conditions have changed dramatically in a very short period of time. Prior to the pandemic, newspapers were full of warnings about how the coming revolution in artificial intelligence (AI), robotics, and the growing digital divide would lead to the obsolescence of many jobs. Today, the labor shortage is so acute, with help-wanted signs everywhere, someone can start a new job at 9 a.m., quit by 11 a.m., and be confident they can find a new job after lunch. I may be old-fashioned, but all the help-wanted signs occasionally cause me to consider re-joining the labor market, just to help out.

Barring severe outbreaks of the virus, inflation is likely to get worse, and higher wages to offset the rising cost of living are likely to become an issue for both public- and private-sector employers. In the August 2018 edition of *The Shoreline*, I wrote an article called "Economics 101: What Happened to Wage and Price Inflation" where I discussed the unusual circumstances we were in at the time, characterized by low unemployment, coupled with low inflation. All that is about to change. The Consumer Price Index (CPI) was up by 6.8% in November from a year earlier, the largest increase in 39 years, and indications are that it may continue to rise in the months ahead. Energy price increases may be more moderate in the months ahead, after huge increases from pandemic lows of the past year, but local shortages, caused by years of under-investment in supply infrastructure, could still produce sharp price spikes. Many believe the CPI is currently understating housing prices (rents, imputed rents) and that the past year's increases in foodstuffs and basic commodities are just now beginning to show up in consumer prices. Supply chain disruptions and shipping bottlenecks are also pushing prices higher.

On the international side, there are many things going on that could create major upheavals in our economic outlook. Supply chains are being reshuffled again, partly in response to tariffs and sanctions and partly due to the "in-sourcing" of previous "out-sourcing" initiatives that are changing the face of globalization. The Middle East is what it is—a very troubled and unstable region. Russia is amassing troops on the border with Ukraine, and an invasion may be in the cards. China will continue to exploit opportunities to expand its control over Taiwan and its interests in the South China Sea and other countries that are part of its "Belt Road" initiative. China is also looking to establish its first naval base in the Atlantic Basin, in the Gulf of Guinea on the west coast of Africa. The renegotiation of the Iran Nuclear Deal (Joint Comprehensive Plan of Action) seems unlikely to go anywhere. Cyber warfare, security breaches, hypersonic missiles and space-based weapons and defense mechanisms will continue to be priorities. The immigration crisis on our southern border is unlikely to be resolved.

**COVID.** I am writing this just three weeks after South Africa alerted everyone about a new COVID variant the World Health Organization (WHO) subsequently named omicron. We don't know much about it yet, but its discovery was met by everything from internet references to Bill Murray in the movie "Groundhog Day" to "déjà vu all over again." We now have omicron, delta and alpha, which sounds more like a fraternity of COVID brothers than a pandemic. How many more will we see? We may be living with an evolving virus for a long time. While we take these developments seriously, with concern for the health and safety of our citizens, it was nevertheless somewhat refreshing to see a bit of humor creeping back into discussions of how to cope. We don't know much about the new variant yet, but some early indications are that it may be very transmissible, but with less severe symptoms, especially for those who are fully vaccinated, which now includes a booster in its definition. We are keeping a close eye on these developments, and we are planning on conducting a detailed review and assessment of our policy responses to the virus at our January Board meeting.

**Happenings in Pine Knoll Shores.** We plan and budget on a fiscal year (FY) basis that runs from July through June and not on a calendar year (CY) basis of January to December. Nevertheless, we have several fairly large infrastructure projects on our plate for the coming year (both CY and FY), including new roofs on town buildings, road repaving (Beechwood Drive), storm water system renovations and extensions, water main replacements and a new equipment barn for our Public Services Department. The timing of several of these projects is still up in the air and dependent upon receipt of both federal and grant funding, materials and equipment deliveries and contractor schedules, but we are learning to cope and work around these obstacles as best as we can.

Pine Knoll Shores will also complete an update to the town's Strategic Plan in 2022, thanks to the diligent efforts of our Strategic Planning Committee and the leadership of Committee Chairman John Ferguson. The new plan's strategic areas focus on Resilience; Infrastructure; Fiscal Planning; Public Safety and Disaster Planning; Natural Resources Management (Water Quality, Beach Preservation, Environmental Protection); Managing Growth; and Sense of Community. We will be developing action plans for these strategic areas that will help us deliver continuing improvements across all areas. The Strategic Planning Committee will present the new plan to the Board of Commissioners in a special meeting scheduled for January 19.

Following our customary tradition, we are planning to hold our annual offsite retreat in early February. This is the time when we meet with representatives of our citizen boards and committees to review progress, make suggestions and set

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