



ECONOMIC & SOCIAL CHANGE IN THE MISSOURI VALLEY

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Overview

- What's going on in the Missouri Valley or Plains region? (North Dakota, South Dakota, Nebraska, Kansas, Missouri, Iowa and Minnesota)
 - Dominant patterns of change
 - Distributions of change
- Effects
 - What
 - Where
 - Who
- What does it mean?

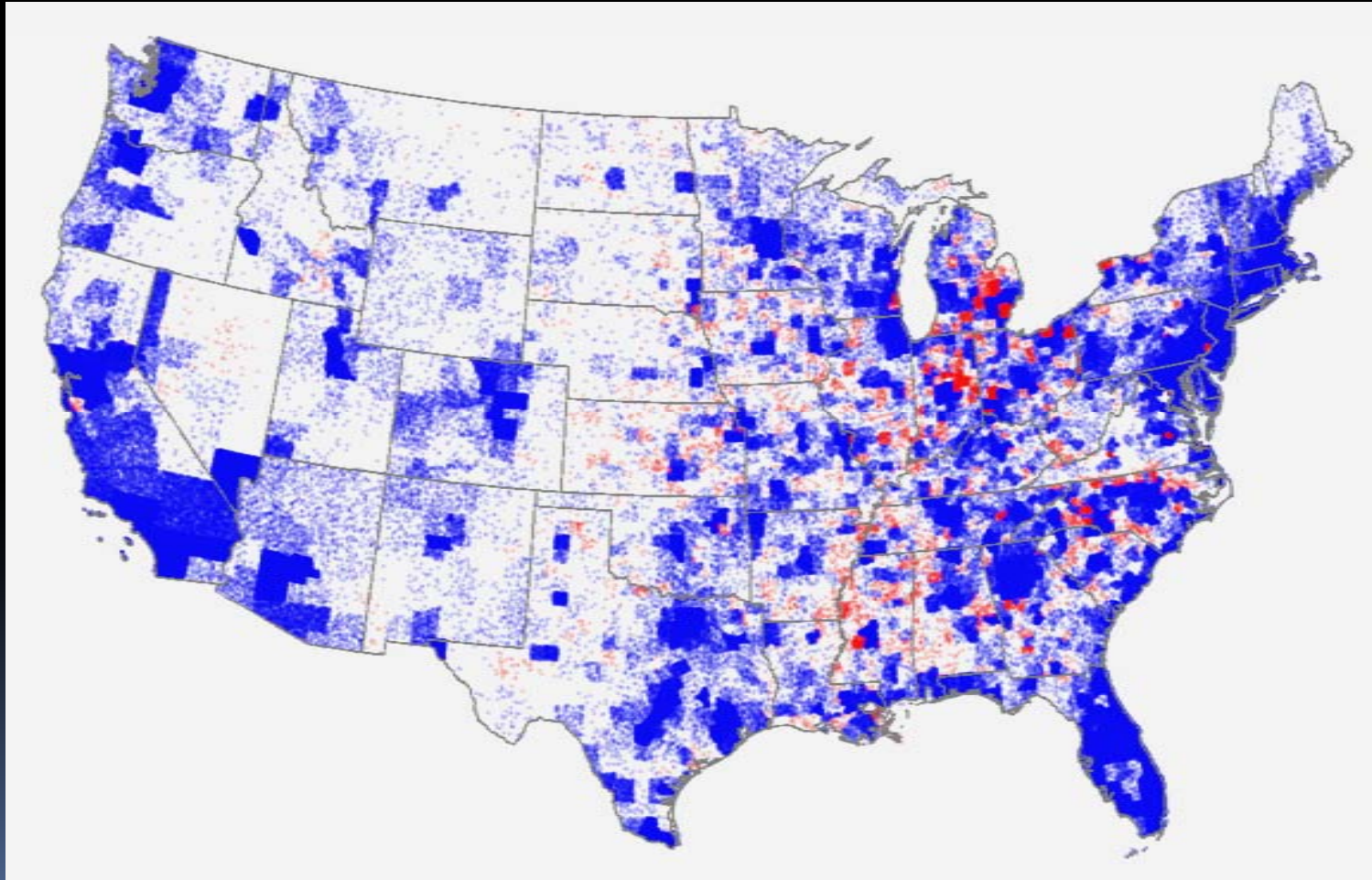
Shared Issues

- Job growth, quality, and compensation
- Disparate population growth
- Rural stress and decline
- Internal / external migration
- Aging population
- Immigration and diversity
- Intense competition with other states for workers

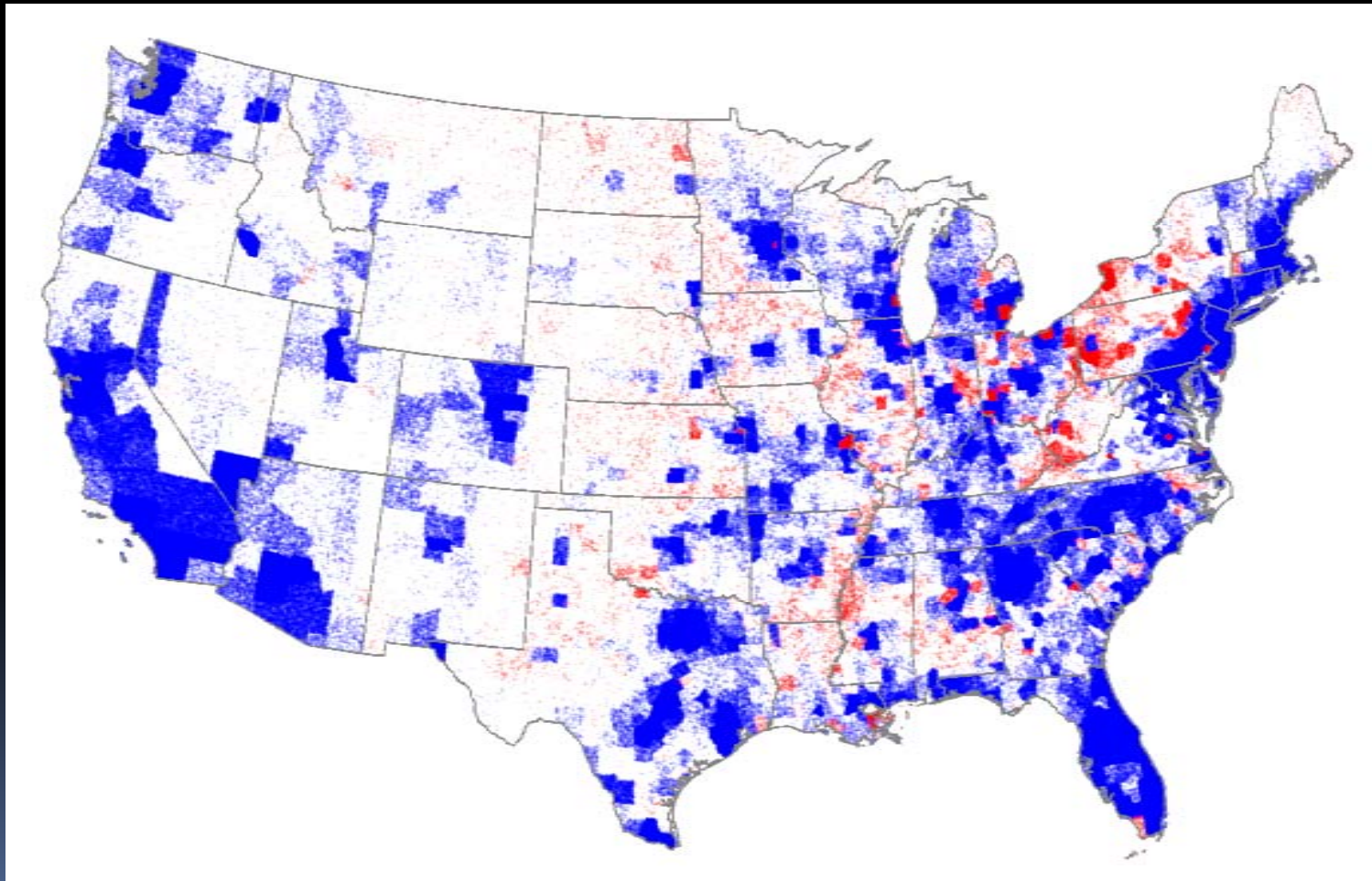
Emerging Issues

- Biofuels and other energy concerns and opportunities
- Stresses among different kinds of farming operations
- Rising commodity prices – their impacts on industry, trade, and households
- Wages, unemployment, & entrepreneurship
- Uneven economic growth
- Interior industrial stagnation

Job Change, 1996 to 2005. Each Dot = 50
Persons - Red = Decline, Blue = Gain

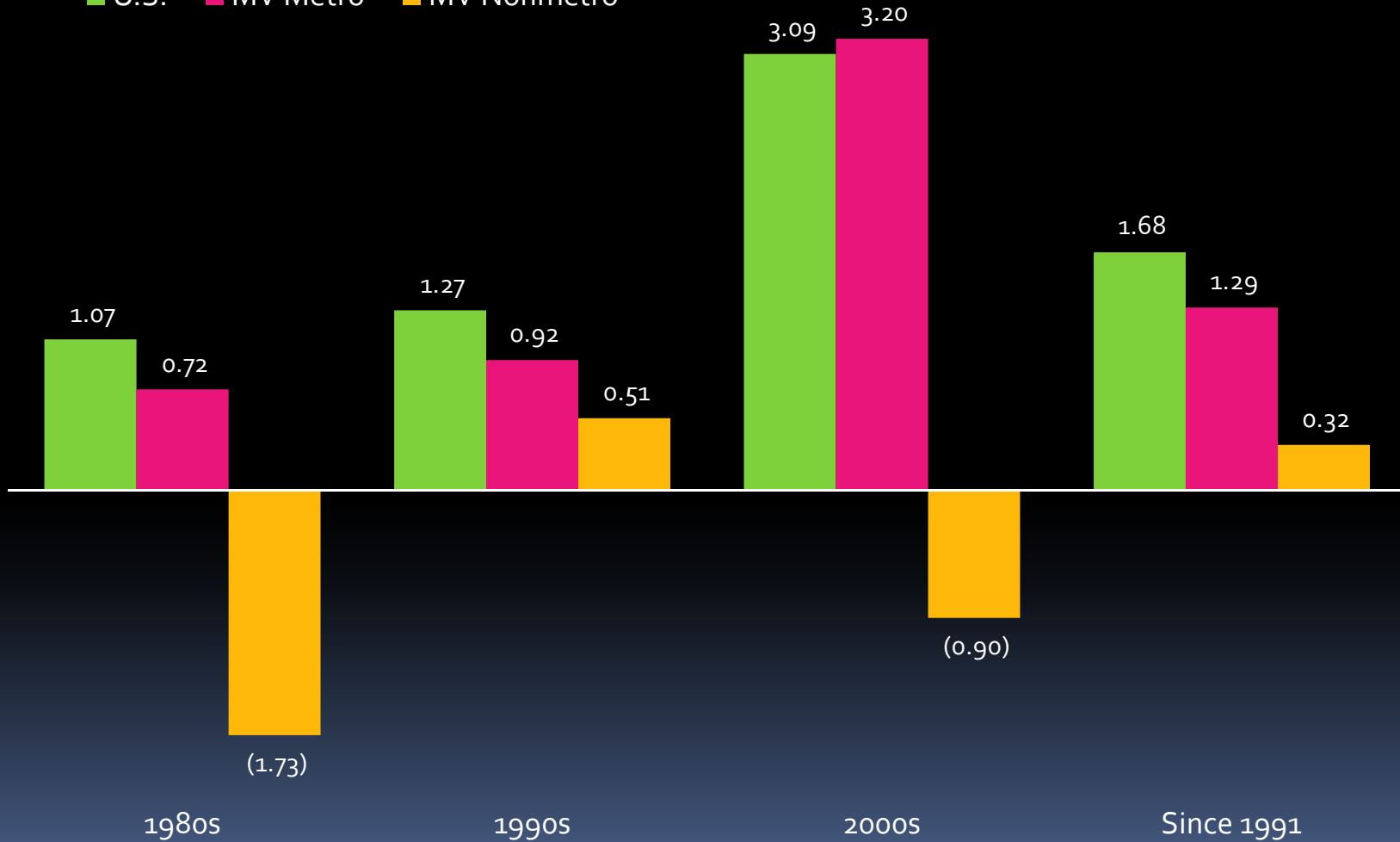


Population Change, 1996 to 2005. Each Dot = 50 Persons – Red = Decline, Blue = Gain

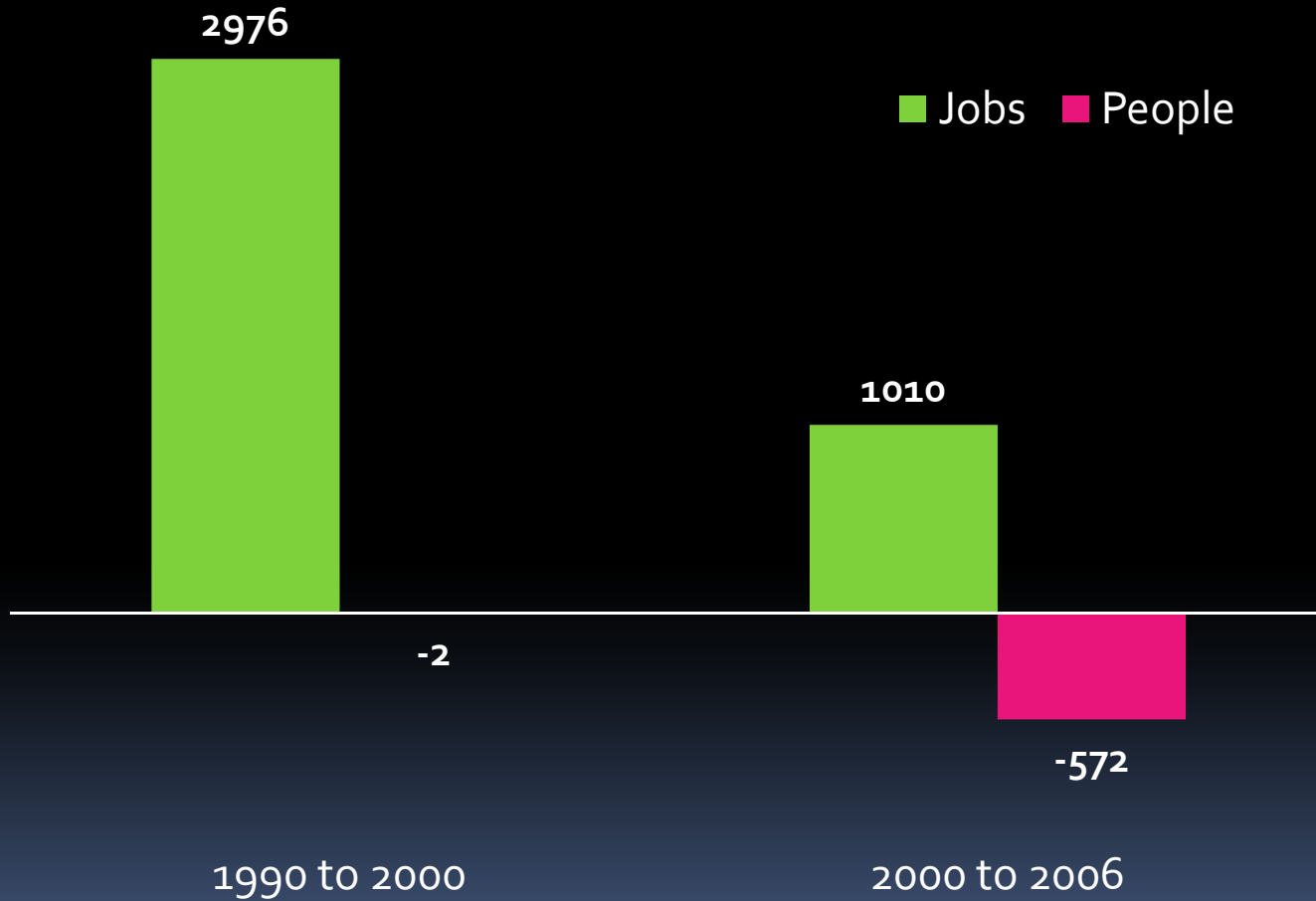


Ratio: Change in Population Compared to Wage and Salary Job Change, Selected Periods

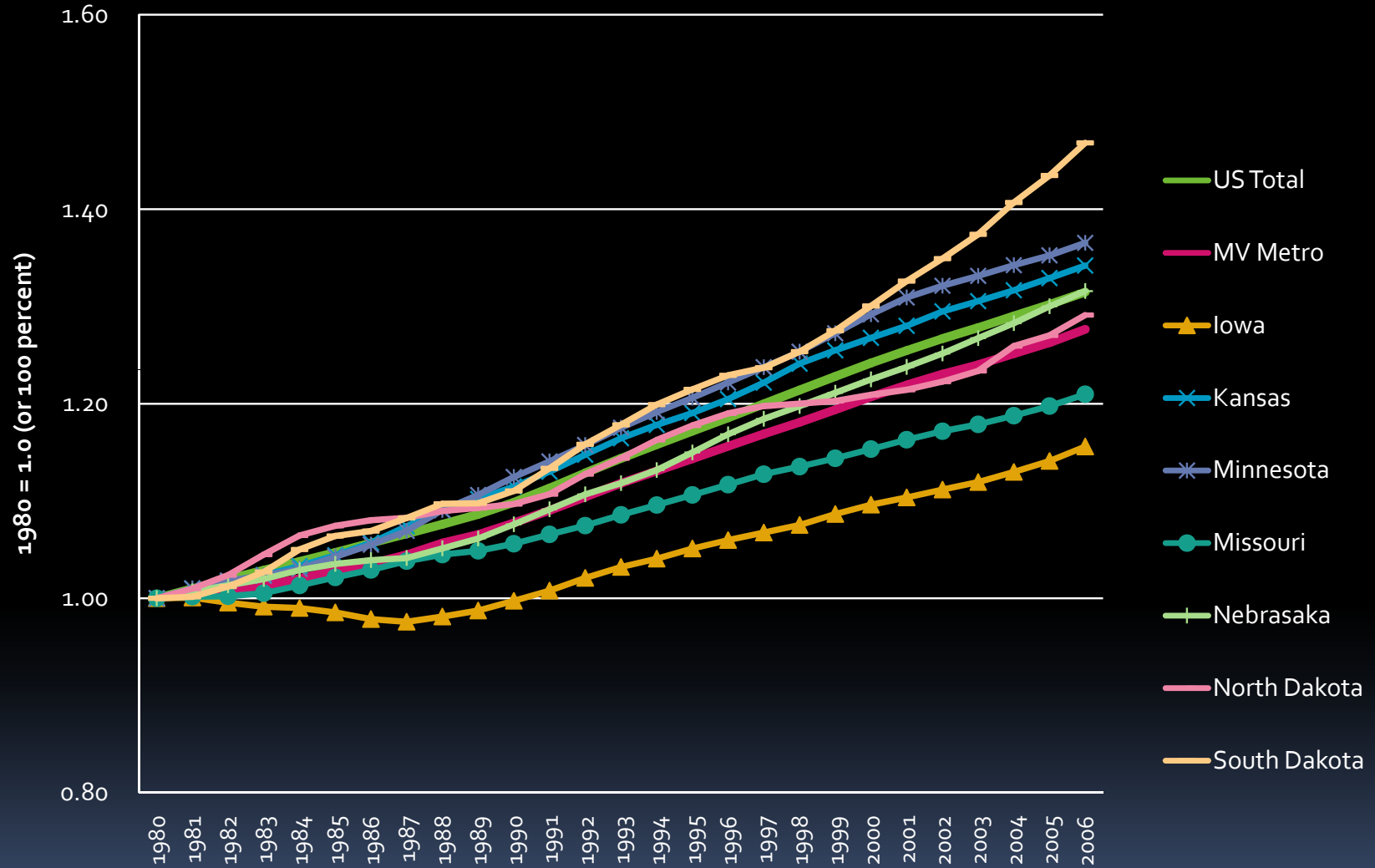
■ U.S. ■ MV Metro ■ MV Nonmetro



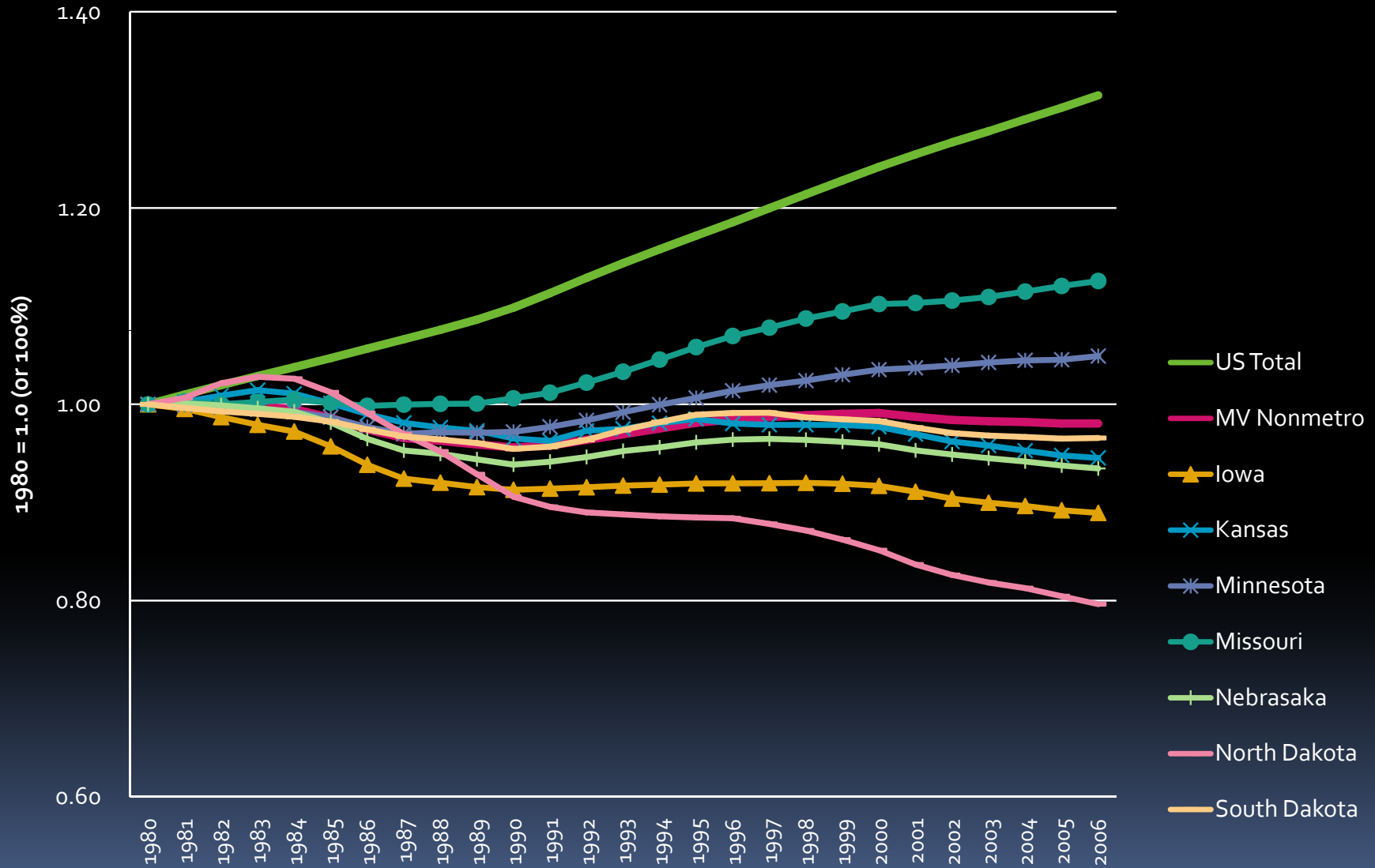
Change in Jobs and People, Carroll County Iowa



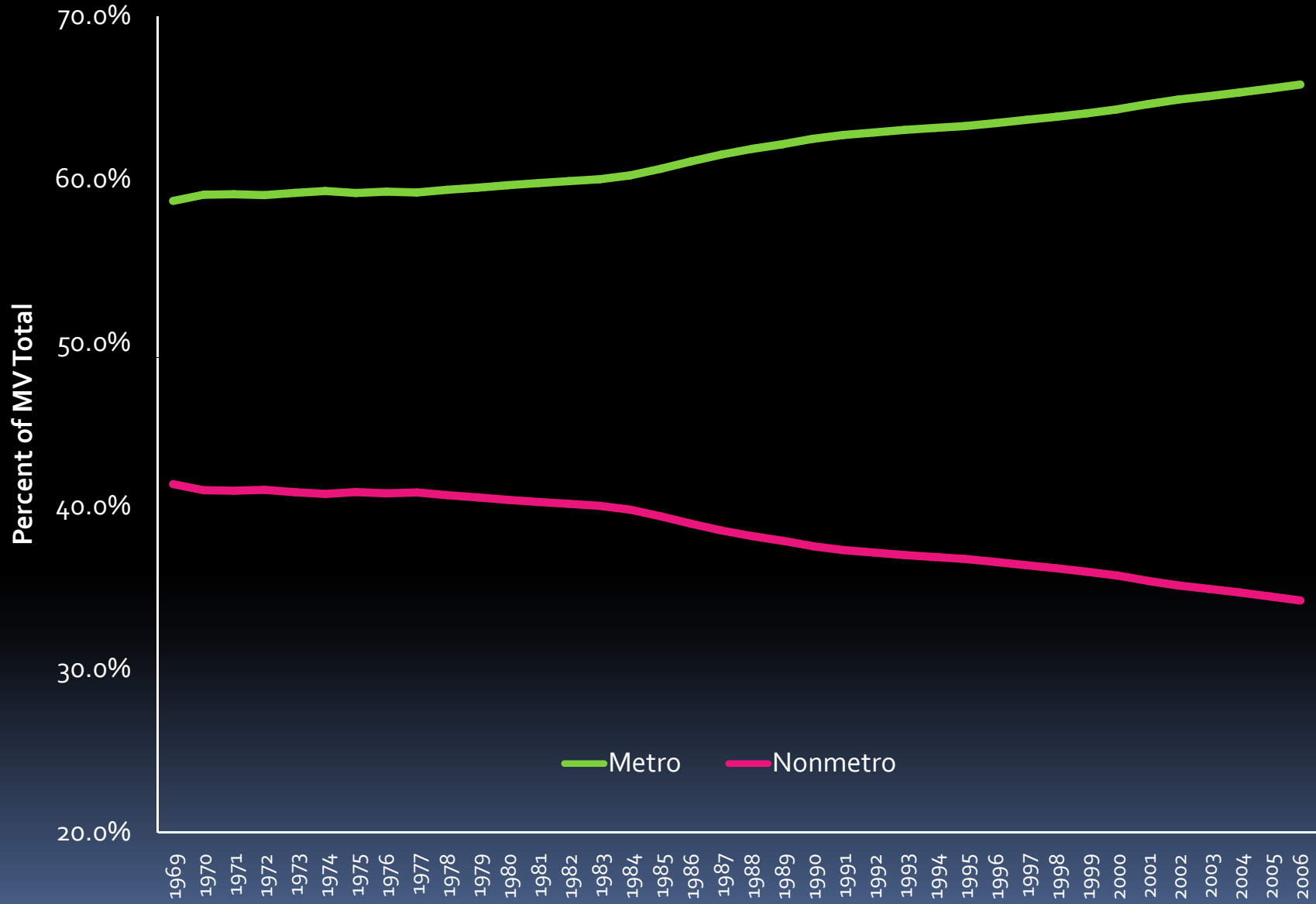
Index of Metropolitan Population Growth, 1980 to 2006



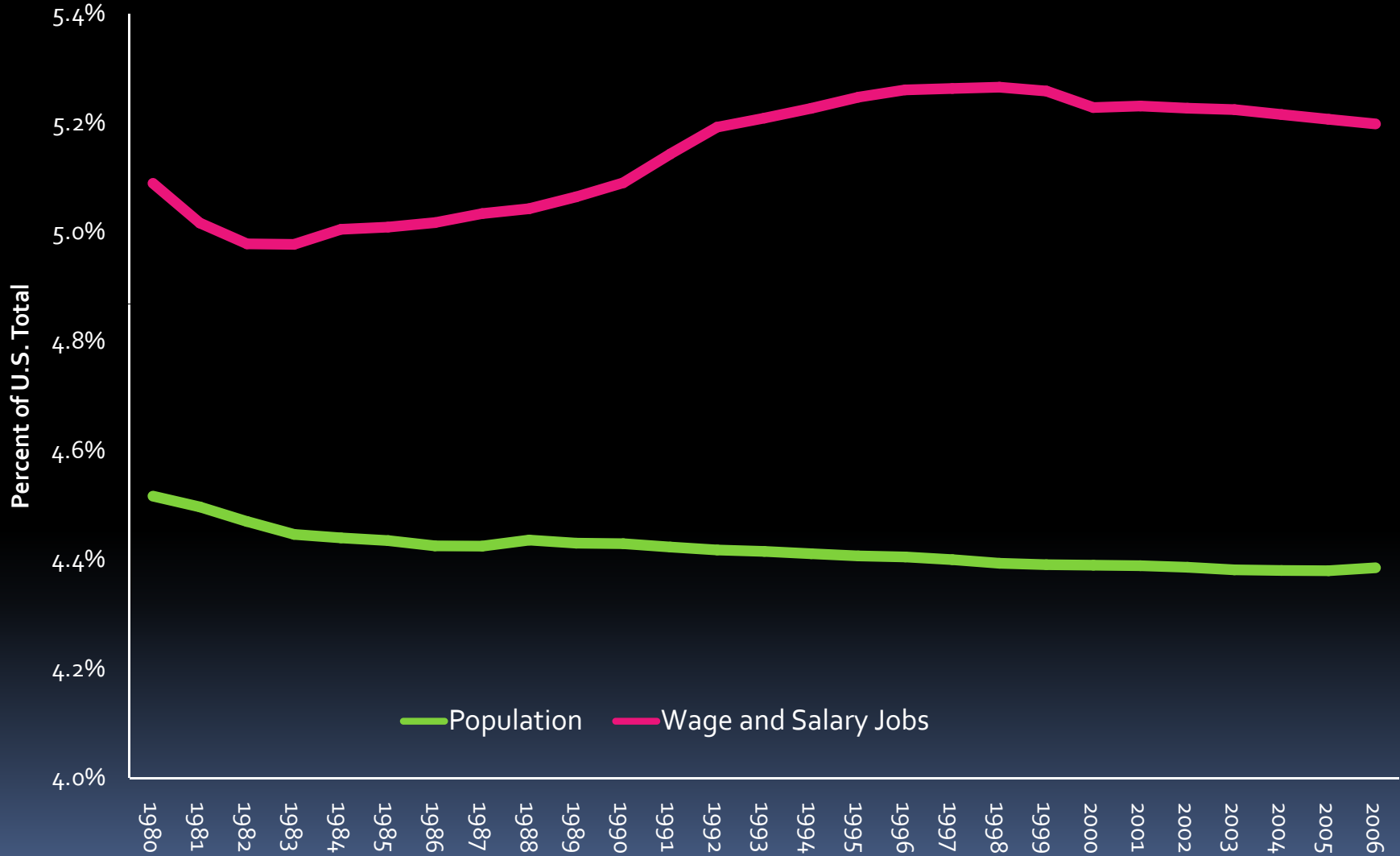
Index of Nonmetropolitan Population Growth, 1980 to 2006



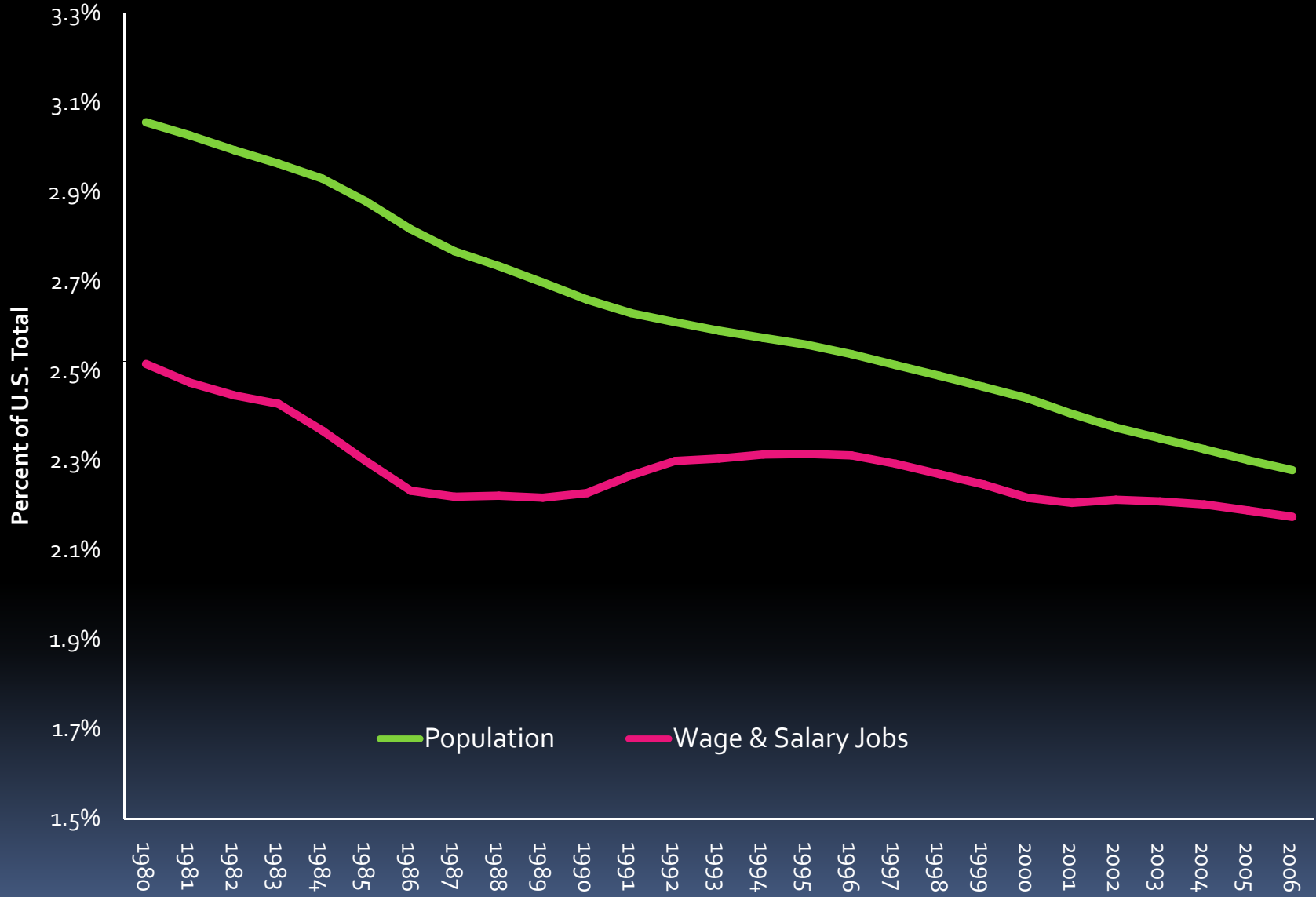
MV Metro - Nonmetro Population Shares



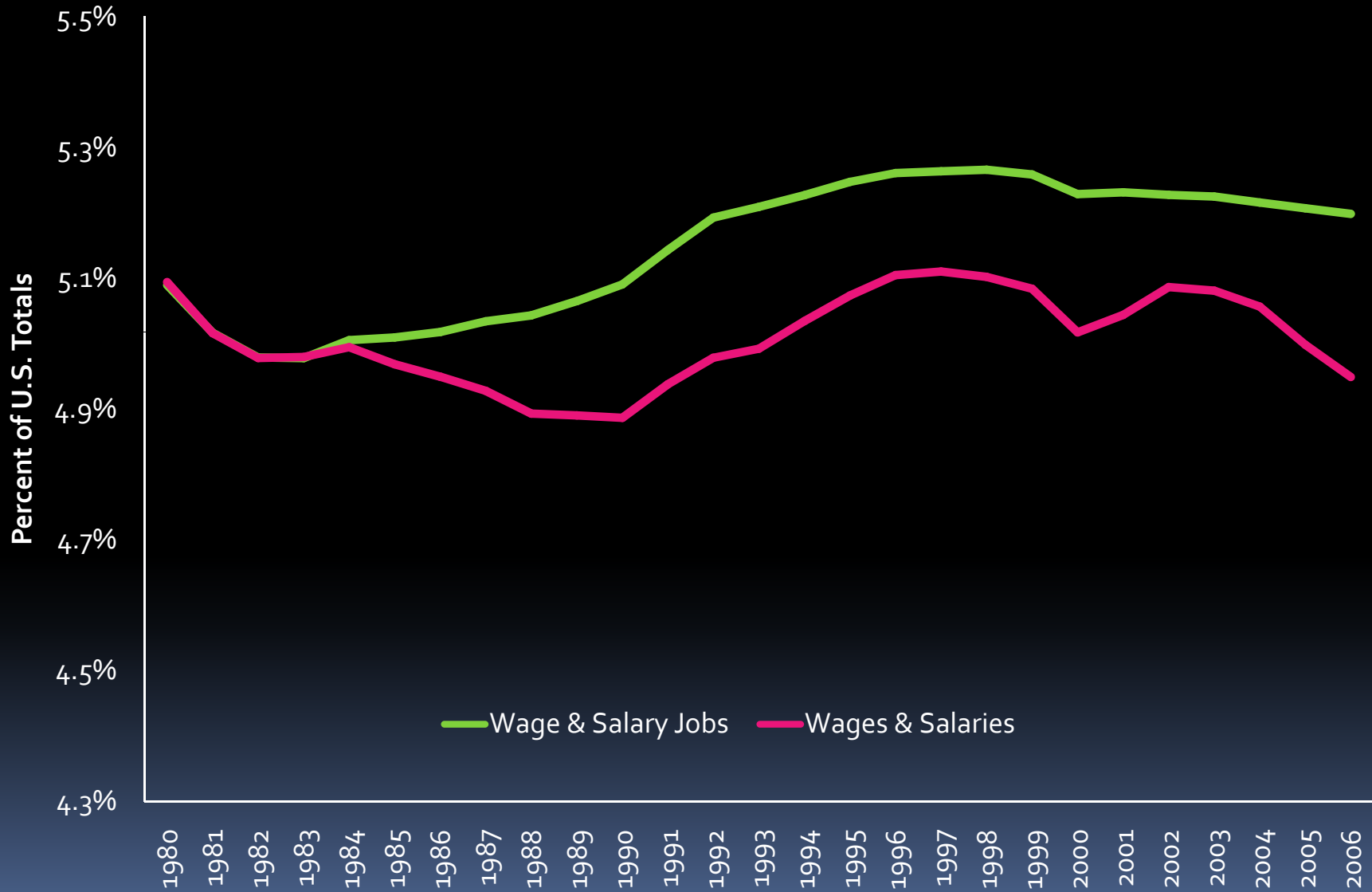
MV Metropolitan Population and Job Shares



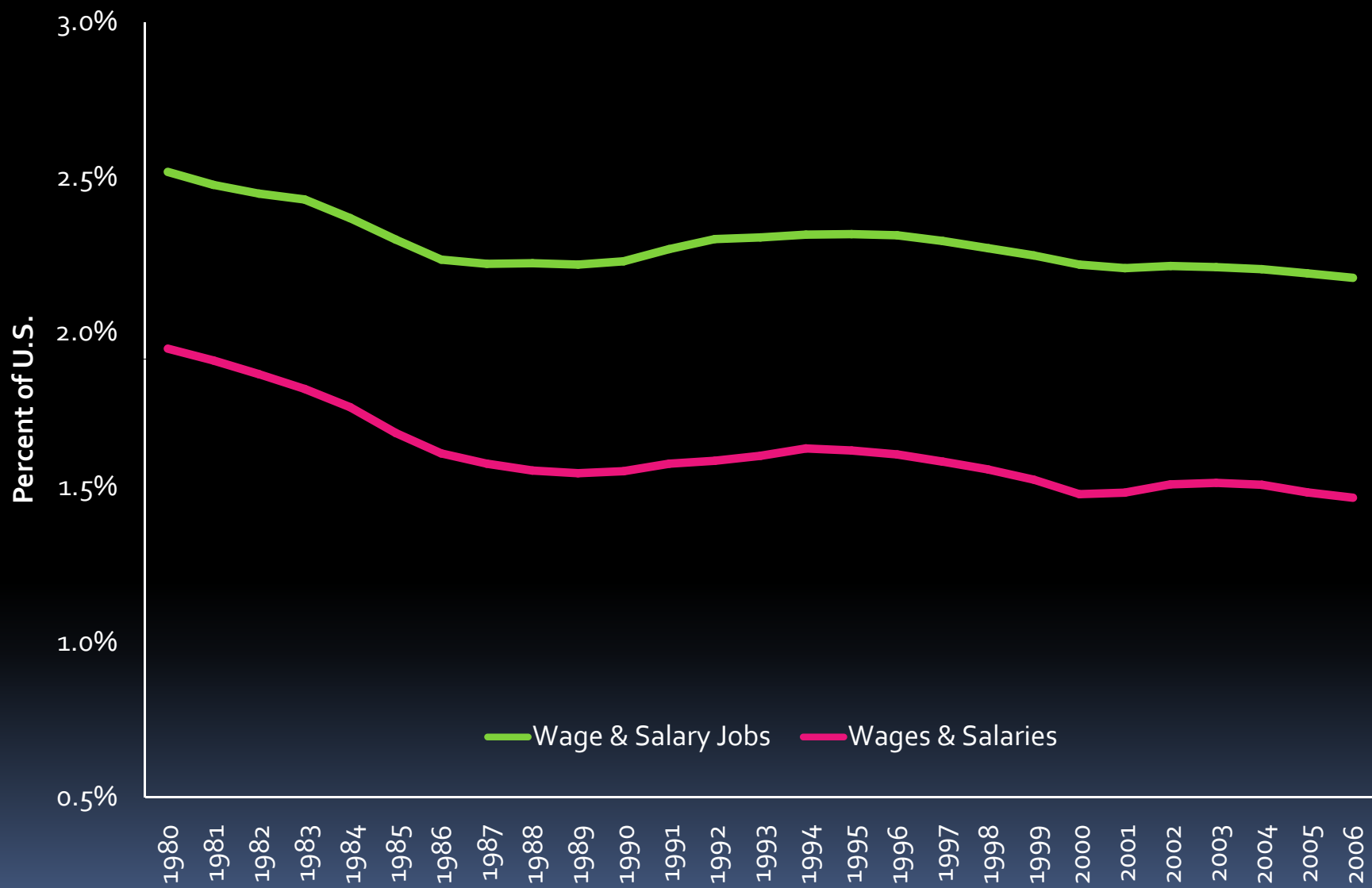
MV Nonmetropolitan Population and Job Shares



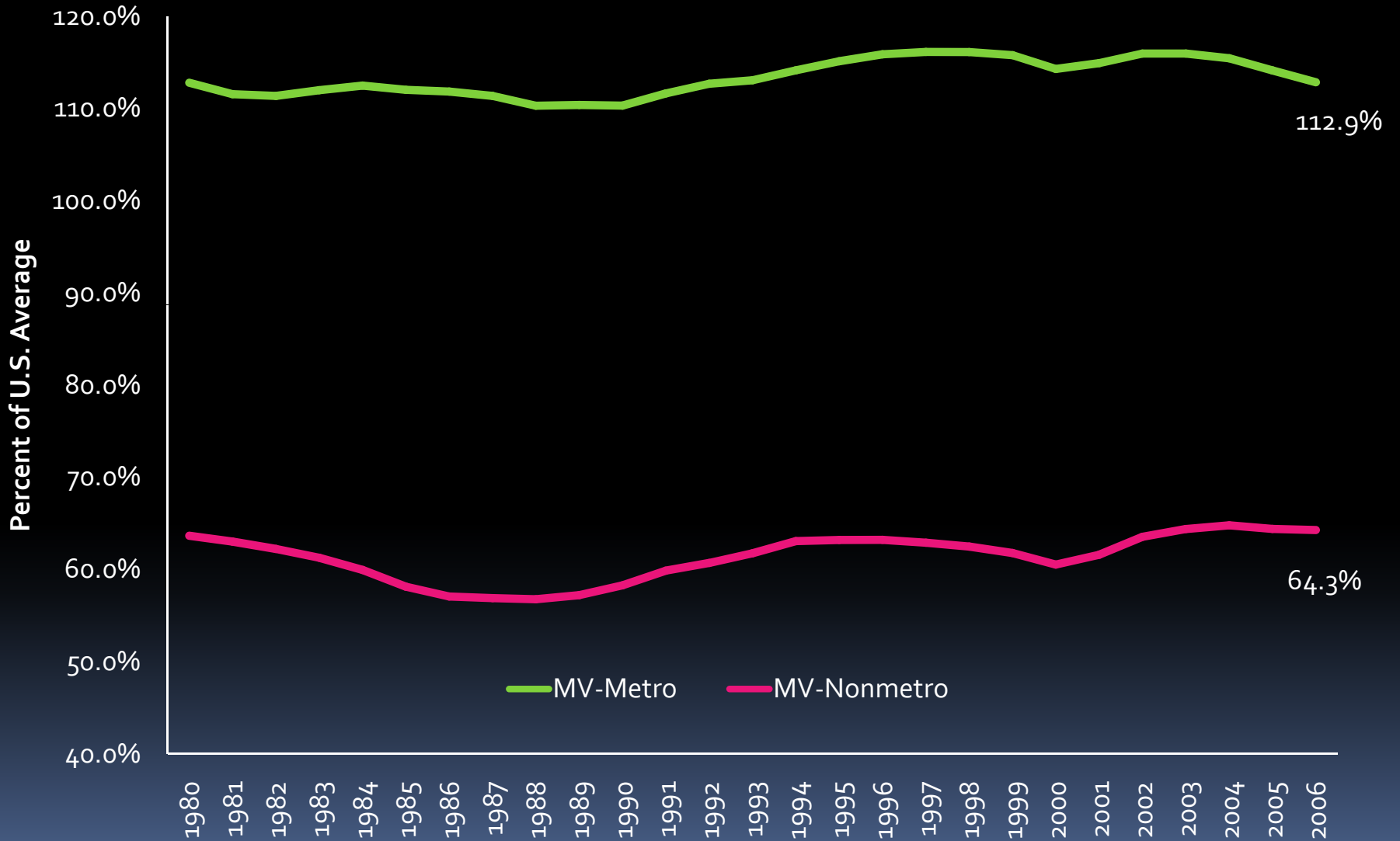
MV Metropolitan Job and Earnings Shares



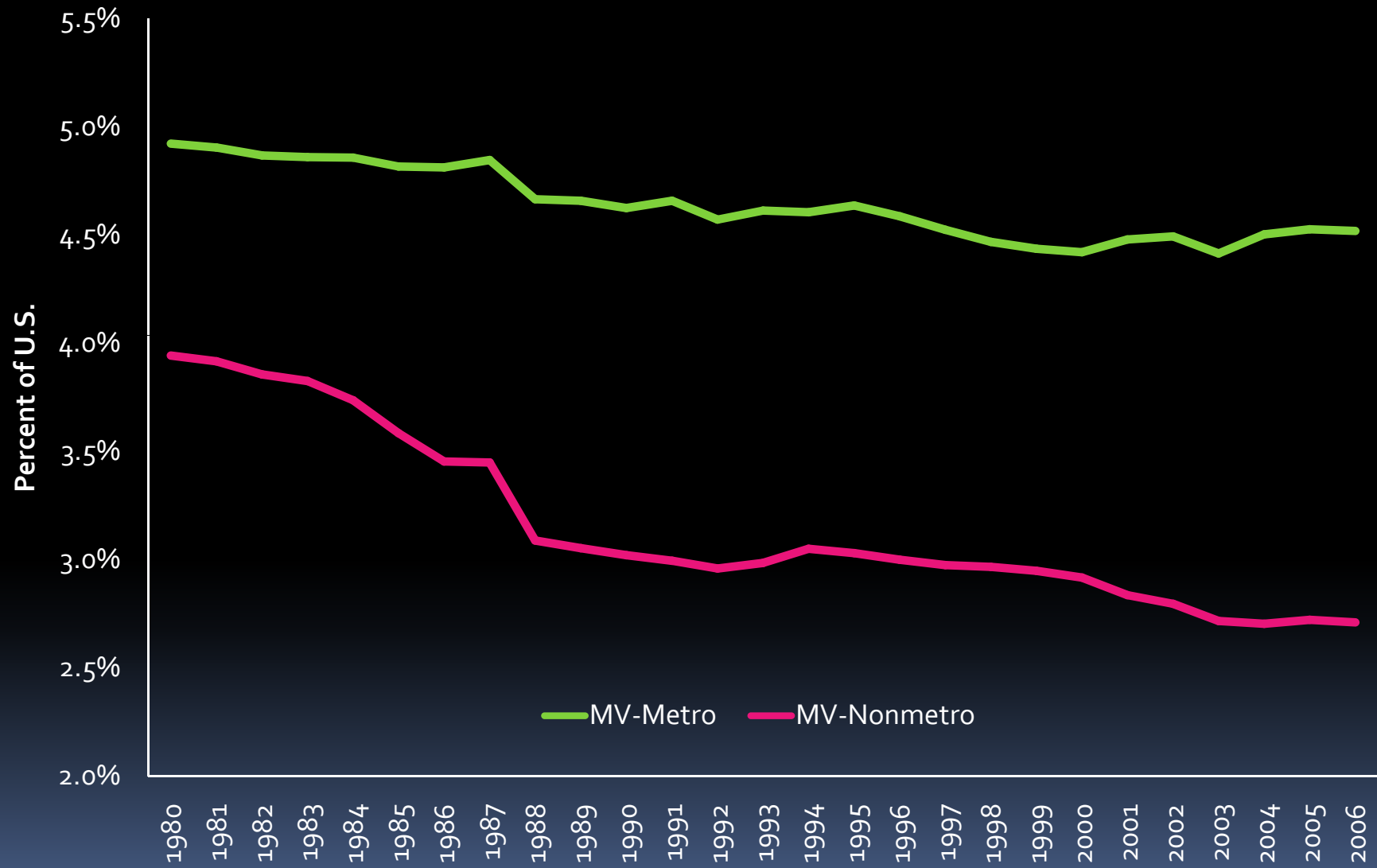
MV Nonmetropolitan Job and Earnings Shares



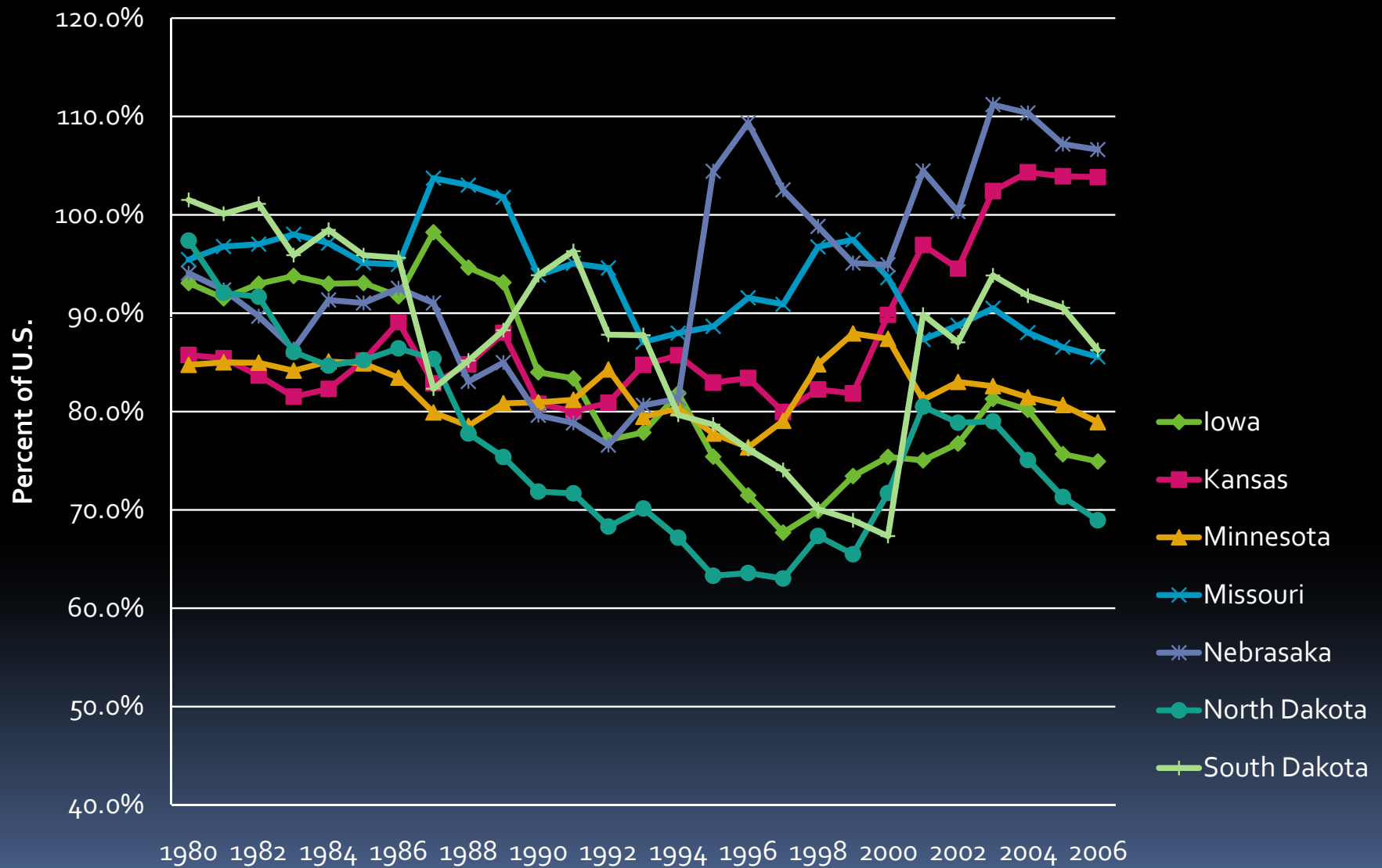
MV - Wages and Salaries Per Job as Compared to the U.S. Average



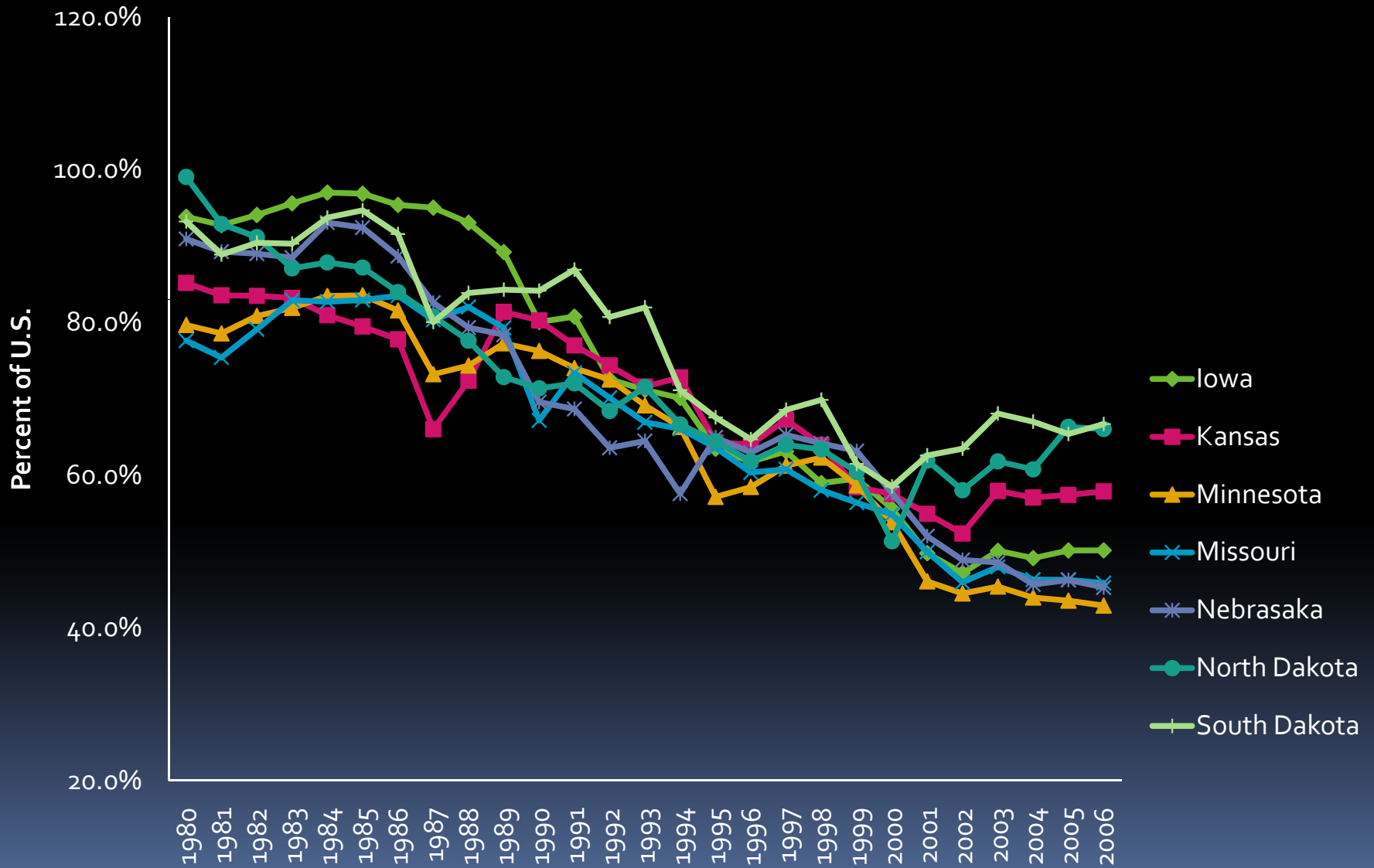
MV Shares of Non-Farm Proprietors



MV Metropolitan Non-Farm Proprietors' Incomes as a Percent of U.S. Average



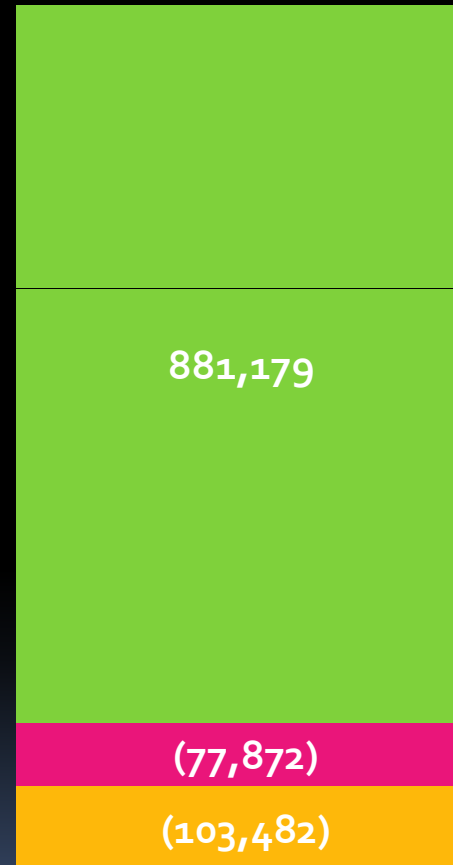
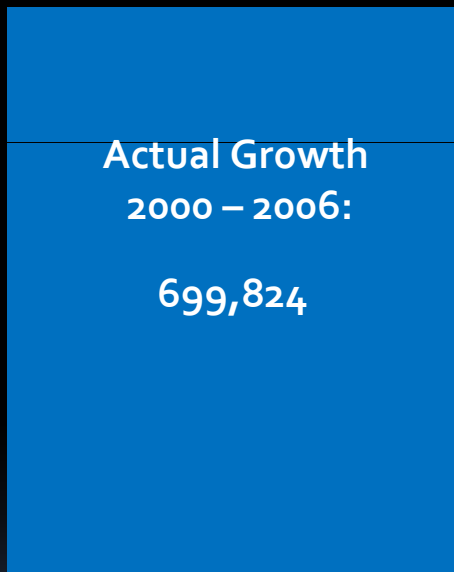
MV Nonmetropolitan Non-Farm Proprietors Incomes as Percentages of U.S. Average



The Economy

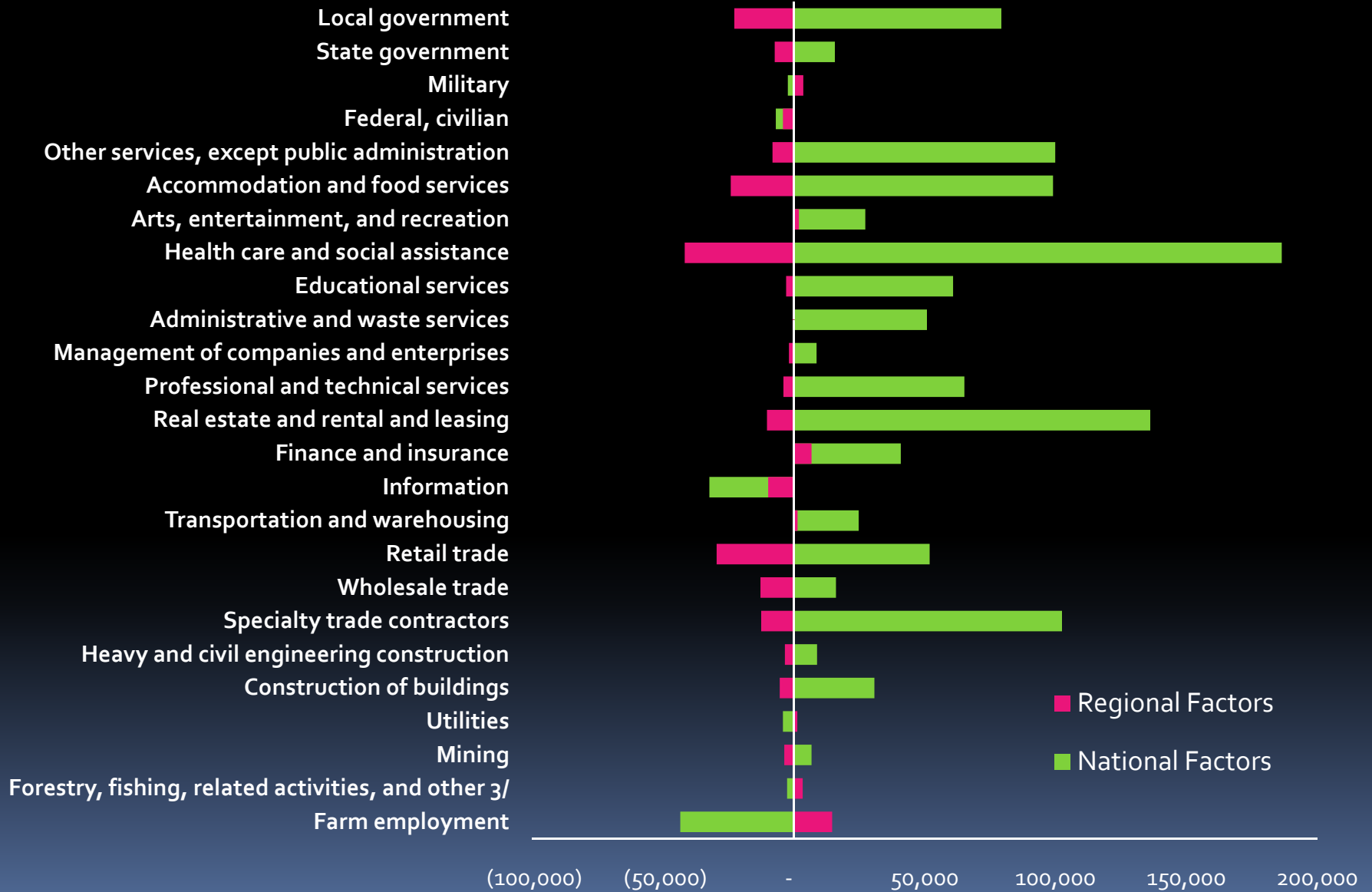
- Fundamental restructuring of economic activity
- Plains states have strengths and weaknesses
- Strong rural and urban differences
- Wage outcomes

Decomposing Regional Job Growth, 2000 to 2006

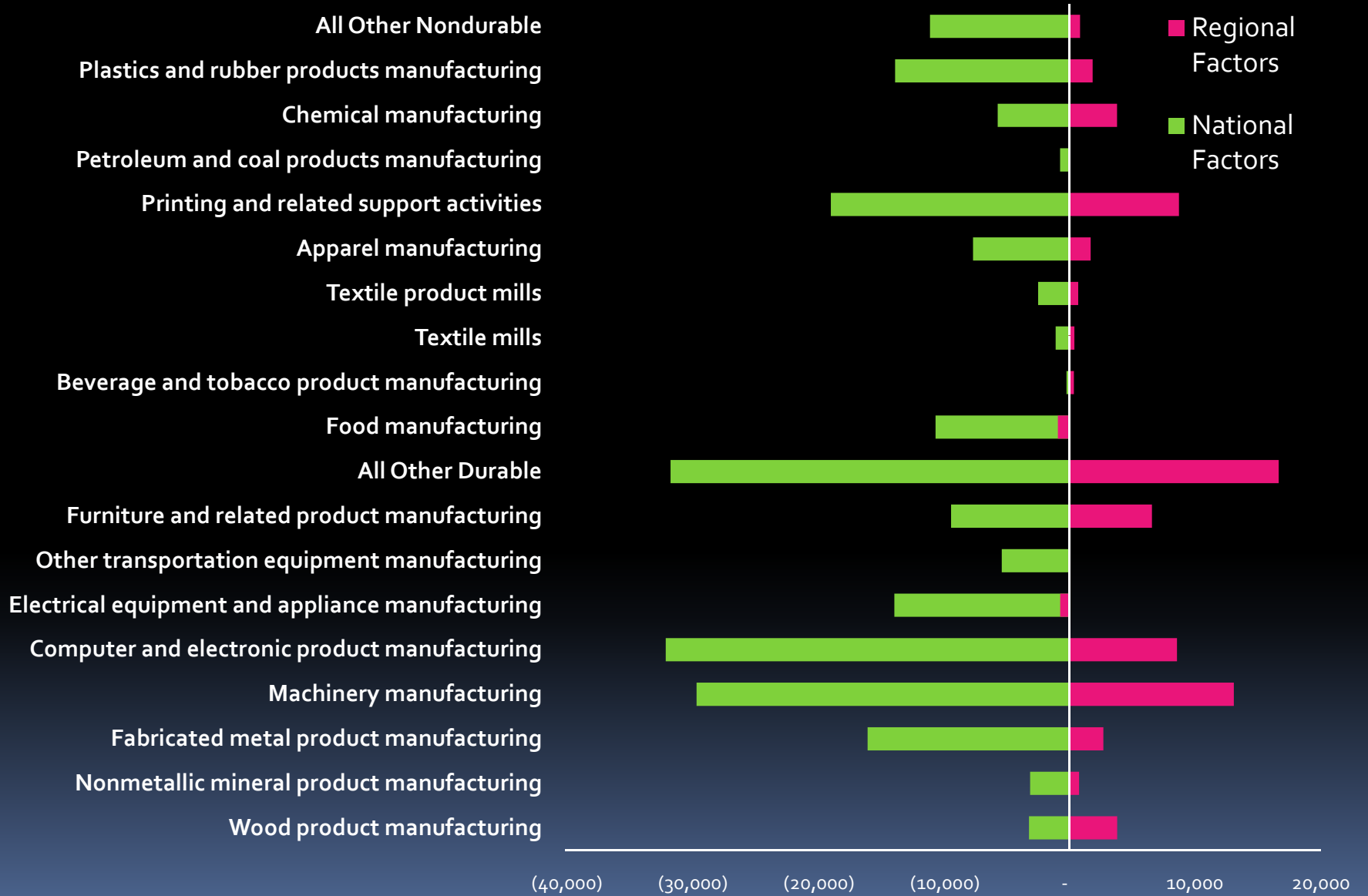


- Competitive Performance
- Industrial Composition
- National Growth

All Nonmanufacturing Changes, 2000 to 2006



All Manufacturing Changes, 2000 to 2006





Plains State Demographic Issues

Internal and external migration

Composition of the population

Implications for competitiveness

Implications for community change and
stability



Residual and “echo” consequences

Longer term stability and prospects

Population Pyramid: U.S. and the MV Region

85 and over

80 to 84

75 to 79

70 to 74

65 to 69

60 to 64

55 to 59

50 to 54

45 to 49

40 to 44

35 to 39

30 to 34

25 to 29

20 to 24

15 to 19

10 to 14

5 to 9

Under 5

Region

U.S.

-10.0%

-8.0%

-6.0%

-4.0%

-2.0%

0.0%

2.0%

4.0%

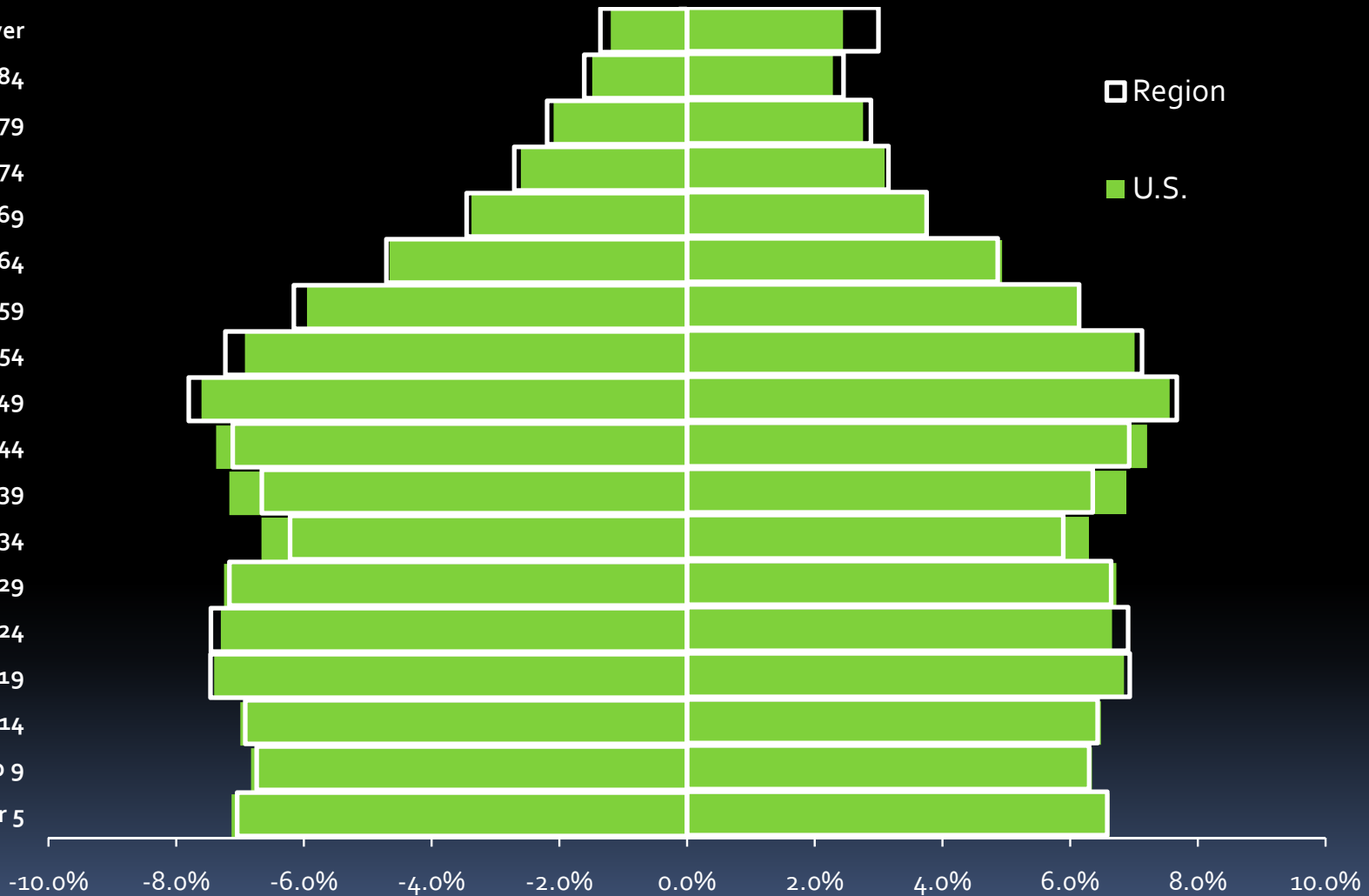
6.0%

8.0%

10.0%

Male

Female



Population Pyramid: U.S. and Iowa

85 and over

80 to 84

75 to 79

70 to 74

65 to 69

60 to 64

55 to 59

50 to 54

45 to 49

40 to 44

35 to 39

30 to 34

25 to 29

20 to 24

15 to 19

10 to 14

5 to 9

Under 5

Region

U.S.

-10.0%

-8.0%

-6.0%

-4.0%

-2.0%

0.0%

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4.0%

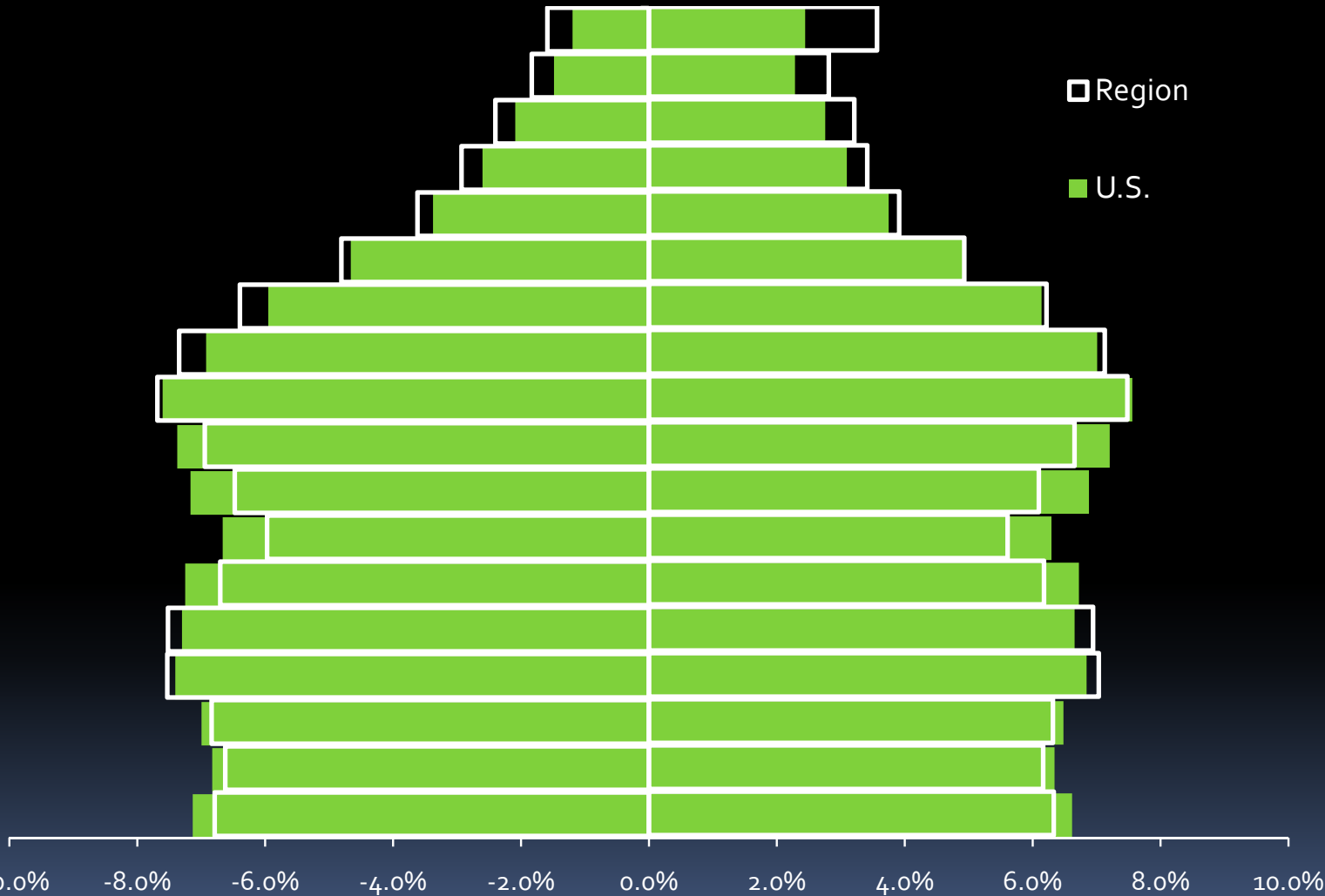
6.0%

8.0%

10.0%

Male

Female



Population Pyramid: U.S. and Kansas

85 and over

80 to 84

75 to 79

70 to 74

65 to 69

60 to 64

55 to 59

50 to 54

45 to 49

40 to 44

35 to 39

30 to 34

25 to 29

20 to 24

15 to 19

10 to 14

5 to 9

Under 5

Region

U.S.

-10.0%

-8.0%

-6.0%

-4.0%

-2.0%

0.0%

2.0%

4.0%

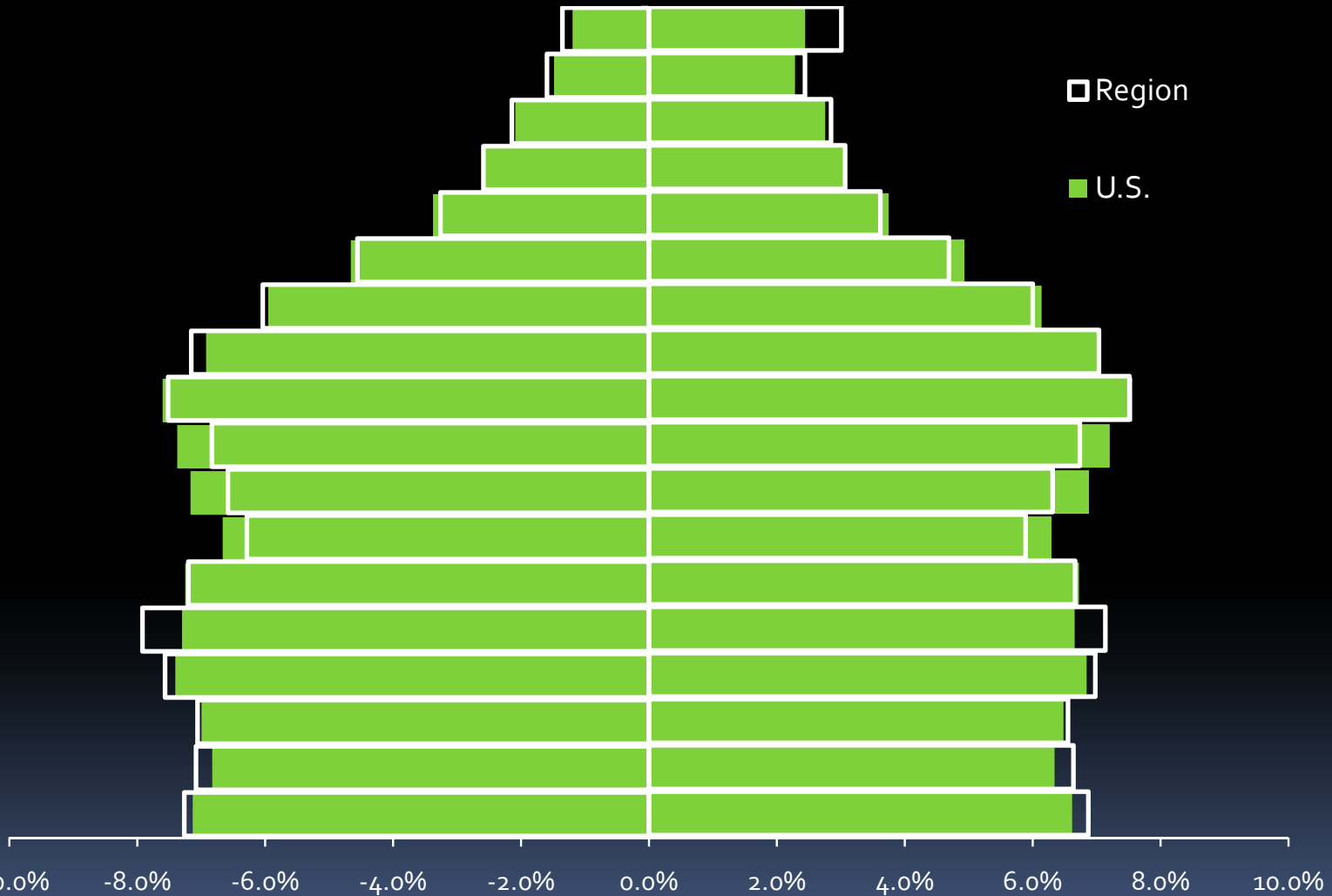
6.0%

8.0%

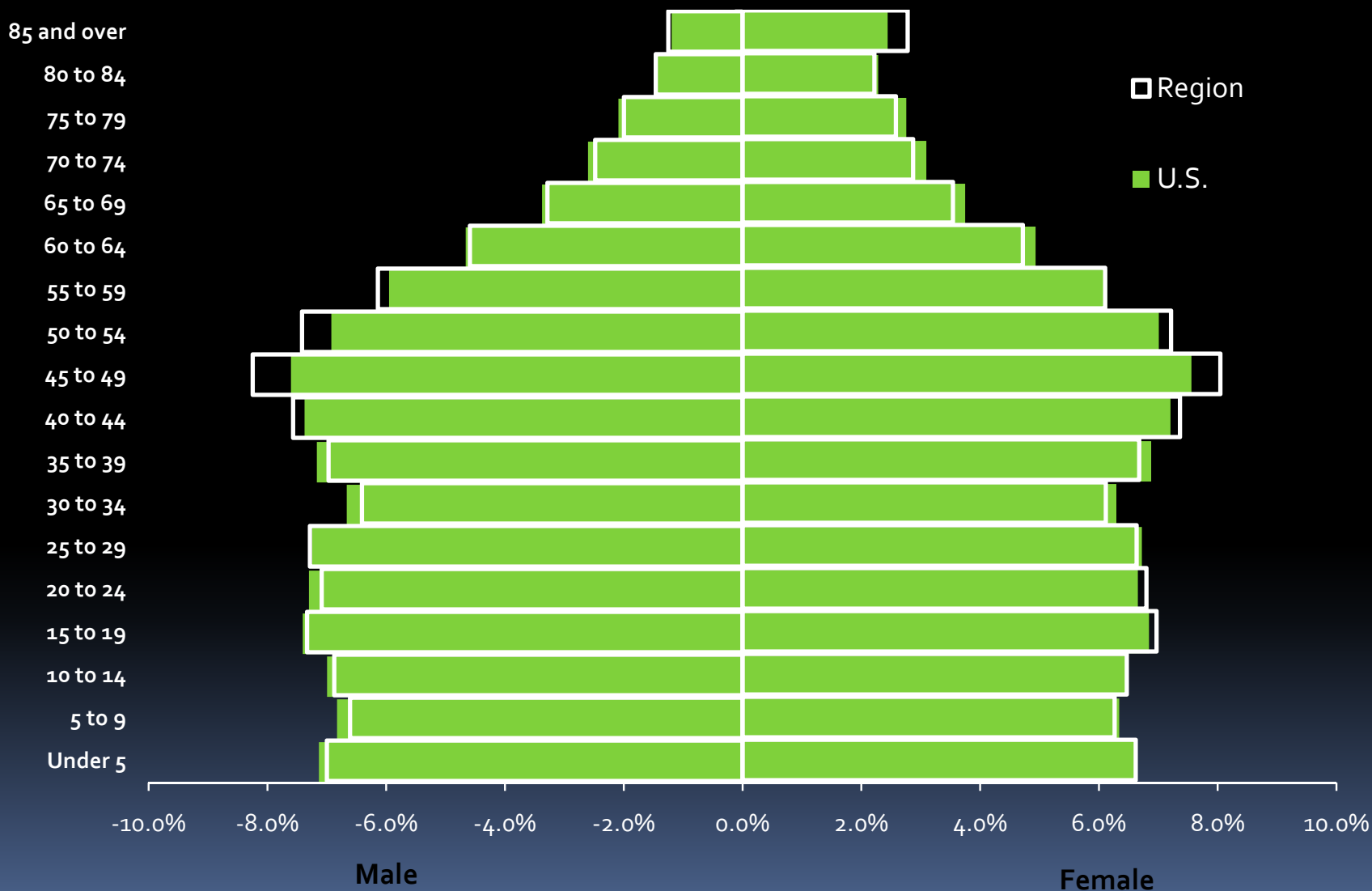
10.0%

Male

Female



Population Pyramid: U.S. and Minnesota



Population Pyramid: U.S. and Missouri

85 and over

80 to 84

75 to 79

70 to 74

65 to 69

60 to 64

55 to 59

50 to 54

45 to 49

40 to 44

35 to 39

30 to 34

25 to 29

20 to 24

15 to 19

10 to 14

5 to 9

Under 5

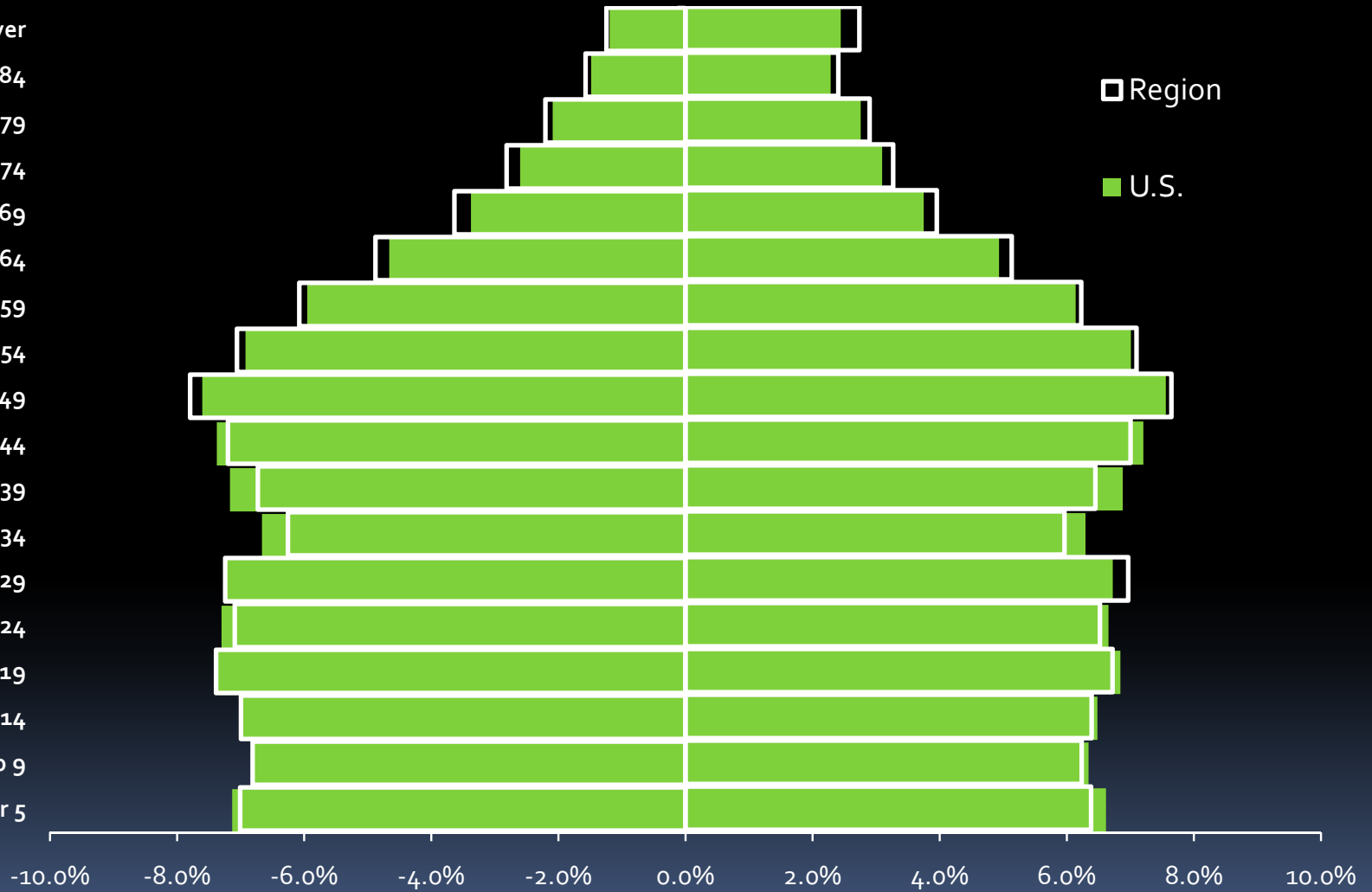
Region

U.S.

-10.0% -8.0% -6.0% -4.0% -2.0% 0.0% 2.0% 4.0% 6.0% 8.0% 10.0%

Male

Female



Population Pyramid: U.S. and Nebraska

85 and over

80 to 84

75 to 79

70 to 74

65 to 69

60 to 64

55 to 59

50 to 54

45 to 49

40 to 44

35 to 39

30 to 34

25 to 29

20 to 24

15 to 19

10 to 14

5 to 9

Under 5

Region

U.S.

-10.0%

-8.0%

-6.0%

-4.0%

-2.0%

0.0%

2.0%

4.0%

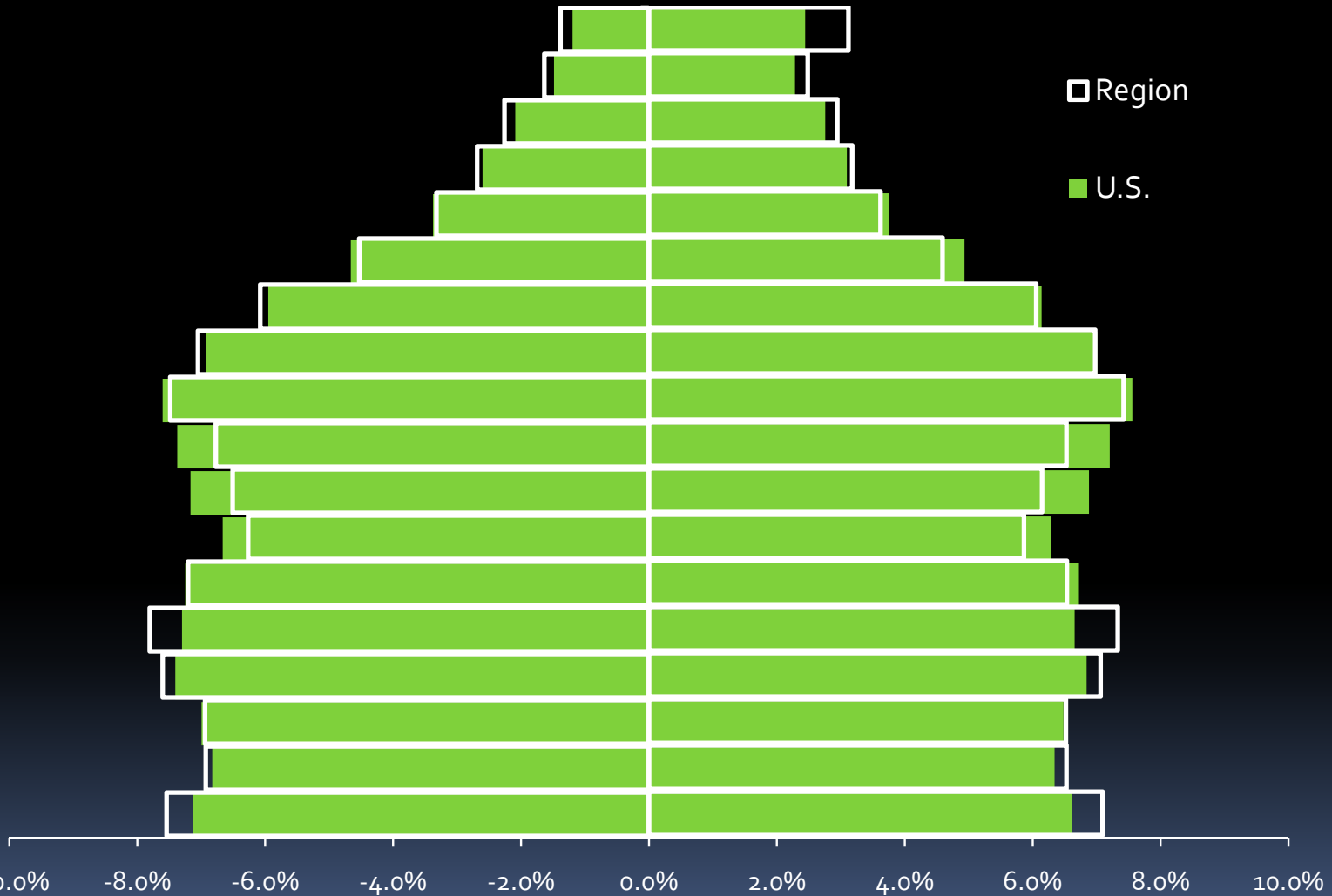
6.0%

8.0%

10.0%

Male

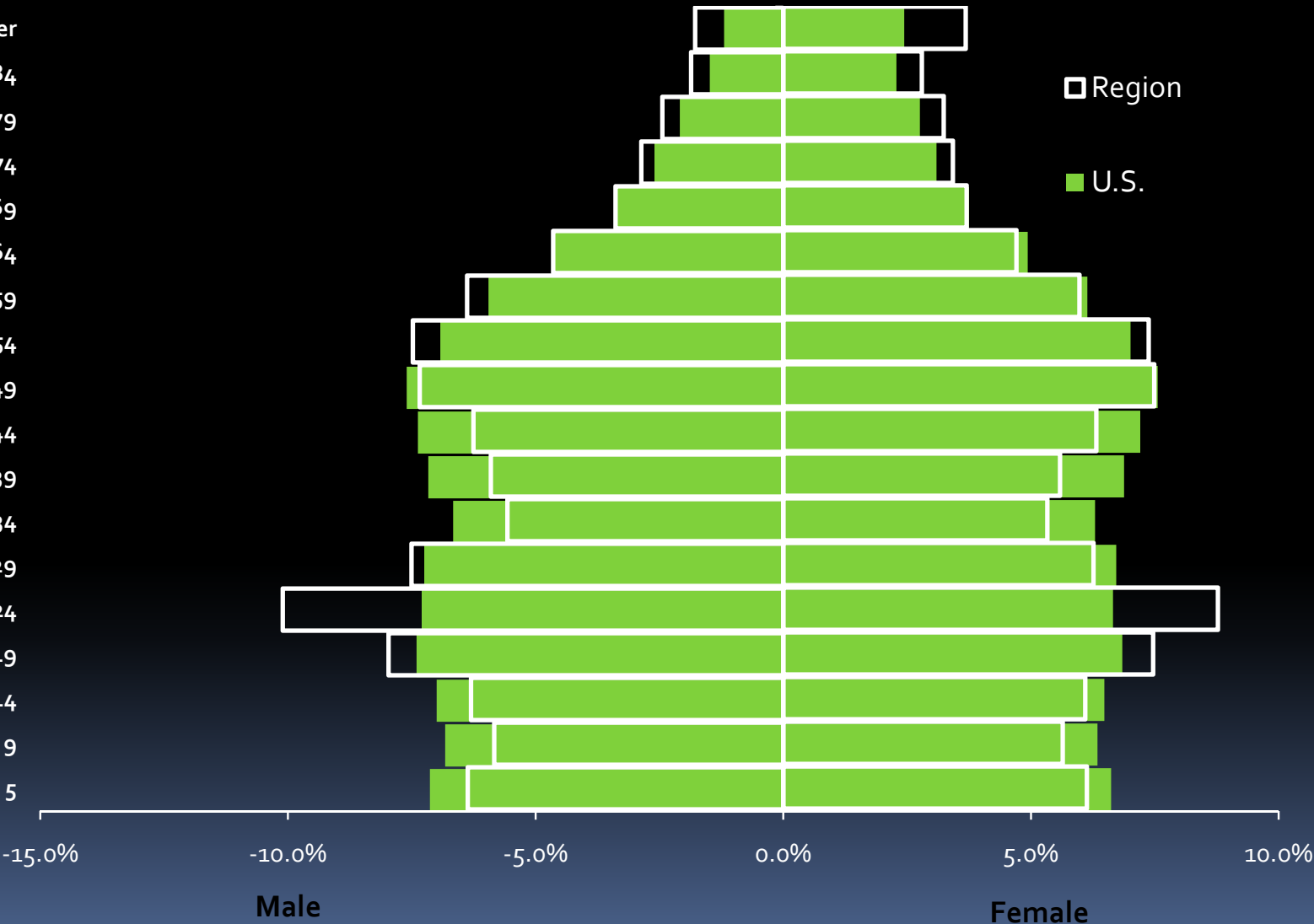
Female



Population Pyramid: U.S. and North Dakota

85 and over
80 to 84
75 to 79
70 to 74
65 to 69
60 to 64
55 to 59
50 to 54
45 to 49
40 to 44
35 to 39
30 to 34
25 to 29
20 to 24
15 to 19
10 to 14
5 to 9
Under 5

Region
U.S.



Population Pyramid: U.S. and South Dakota

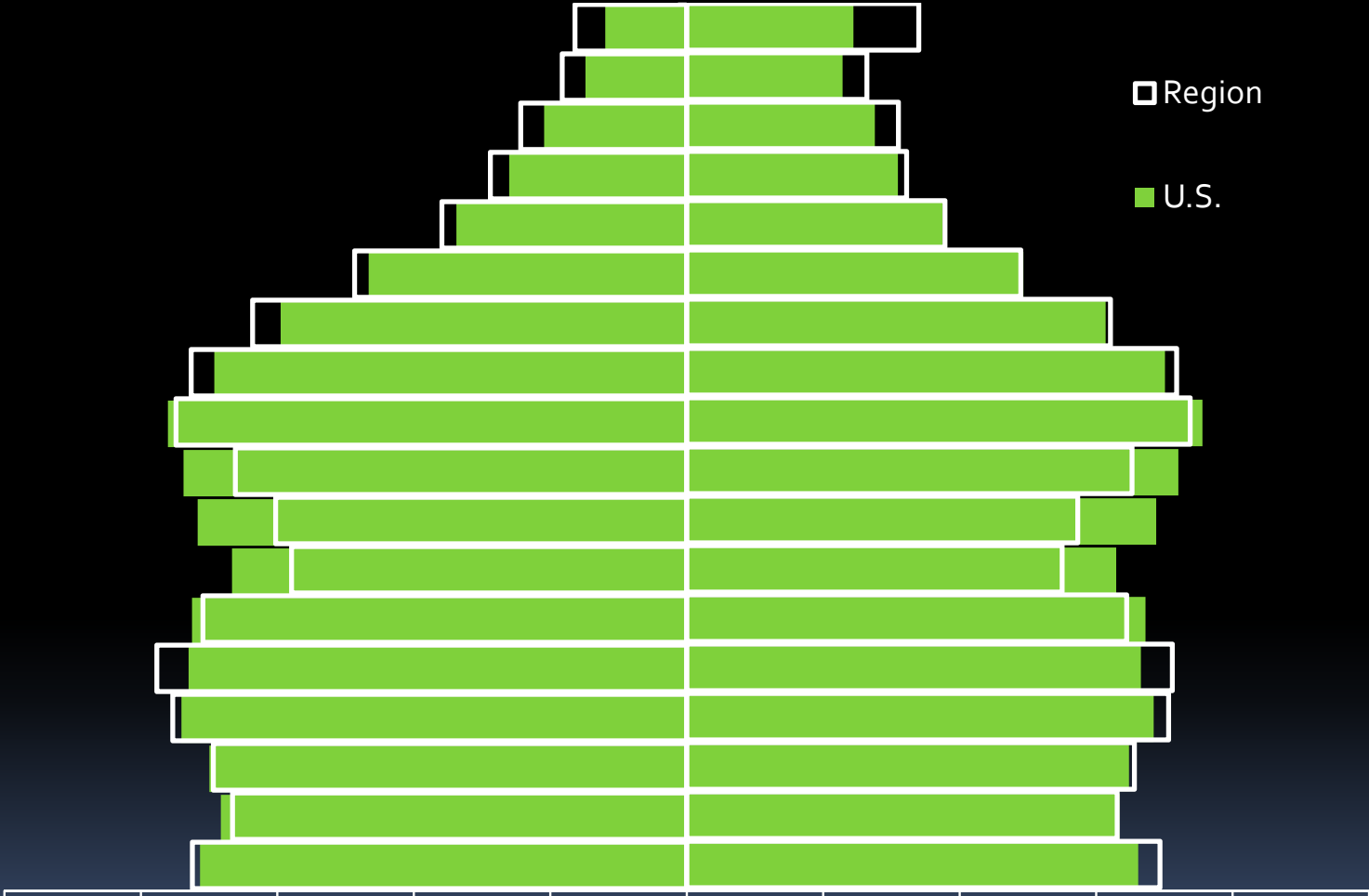
85 and over
80 to 84
75 to 79
70 to 74
65 to 69
60 to 64
55 to 59
50 to 54
45 to 49
40 to 44
35 to 39
30 to 34
25 to 29
20 to 24
15 to 19
10 to 14
5 to 9
Under 5

Region
U.S.

-10.0% -8.0% -6.0% -4.0% -2.0% 0.0% 2.0% 4.0% 6.0% 8.0% 10.0%

Male

Female



Elements of Population Change

- Natural Change = Births – Deaths
- Net Migration = International Migration – Domestic Migration
- Population Change = Natural Change + Net Migration

Births to Deaths Ratios

South Dakota

1.62

North Dakota

1.40

Nebraska

1.71

Missouri

1.43

Minnesota

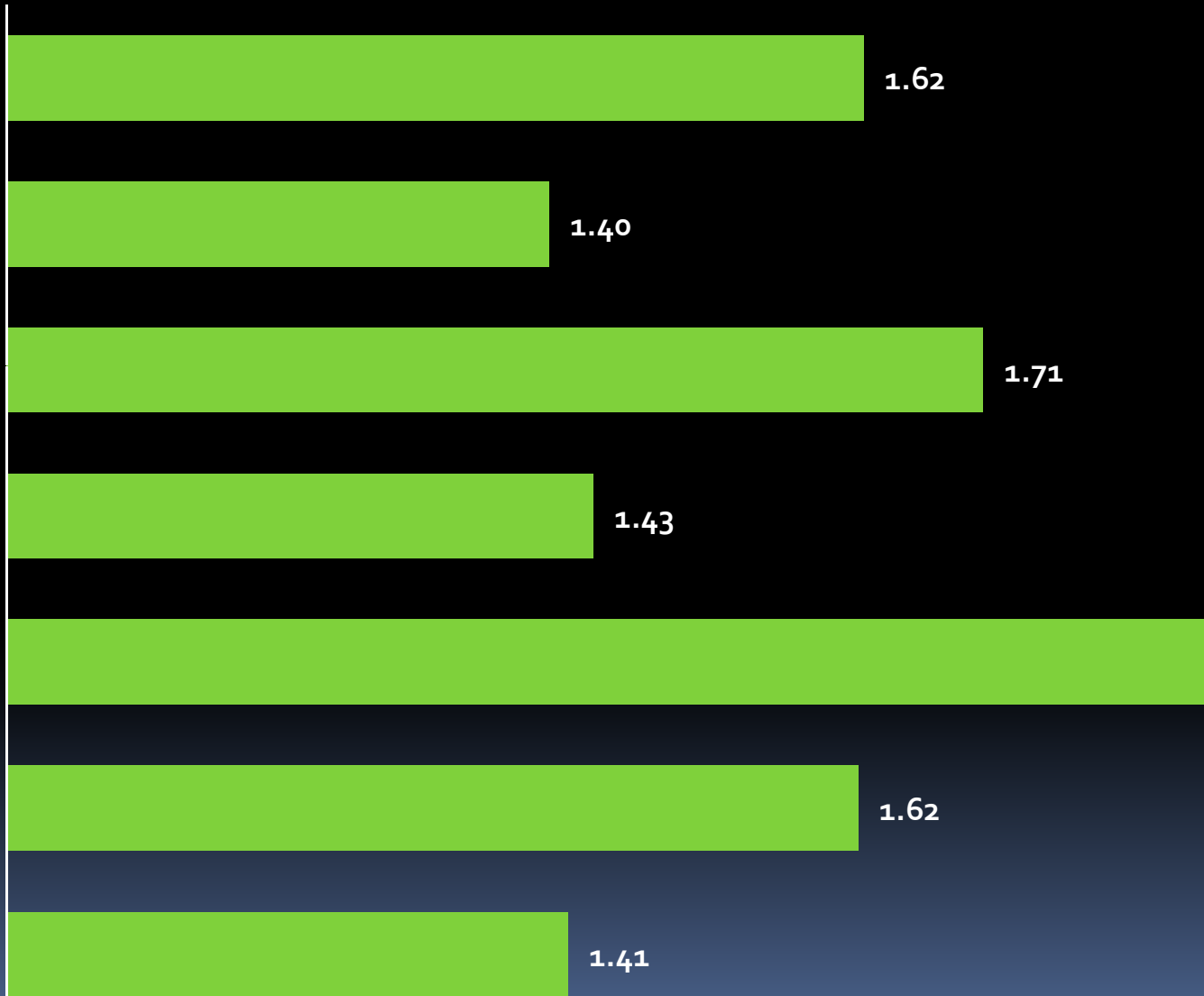
1.88

Kansas

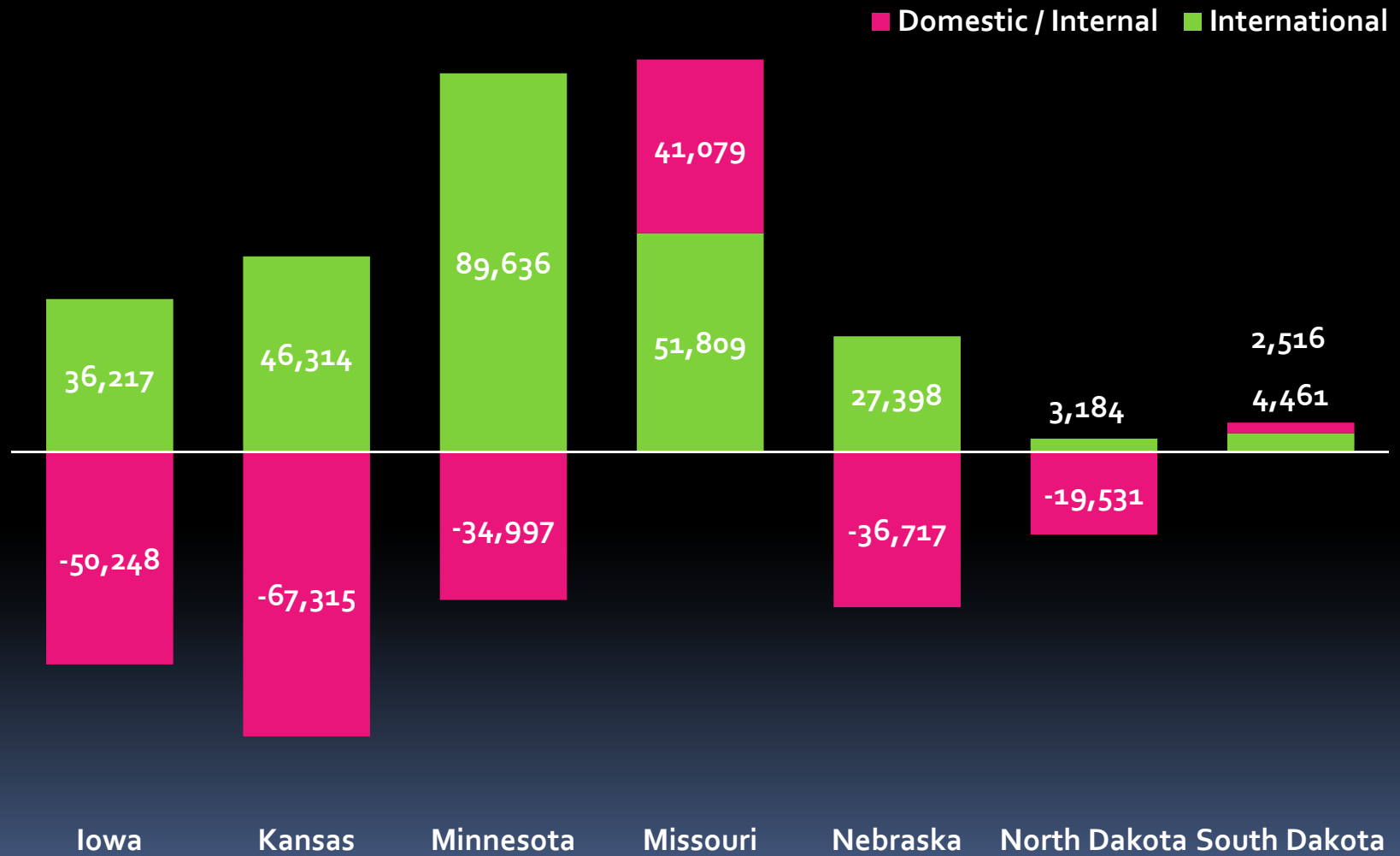
1.62

Iowa

1.41



Components of Migration



Implications of Demographic Change on

- Consumption patterns
- Demand for public goods
- Human capital needs
- Voting preferences
- Employment preferences
- Industrial growth potential

Worker Retention

Two dimensions of migration?

Internal – rural to metropolitan

Interstate

Why do they leave?

Pay

Opportunity

Amenities

It's (fill-in the state)!

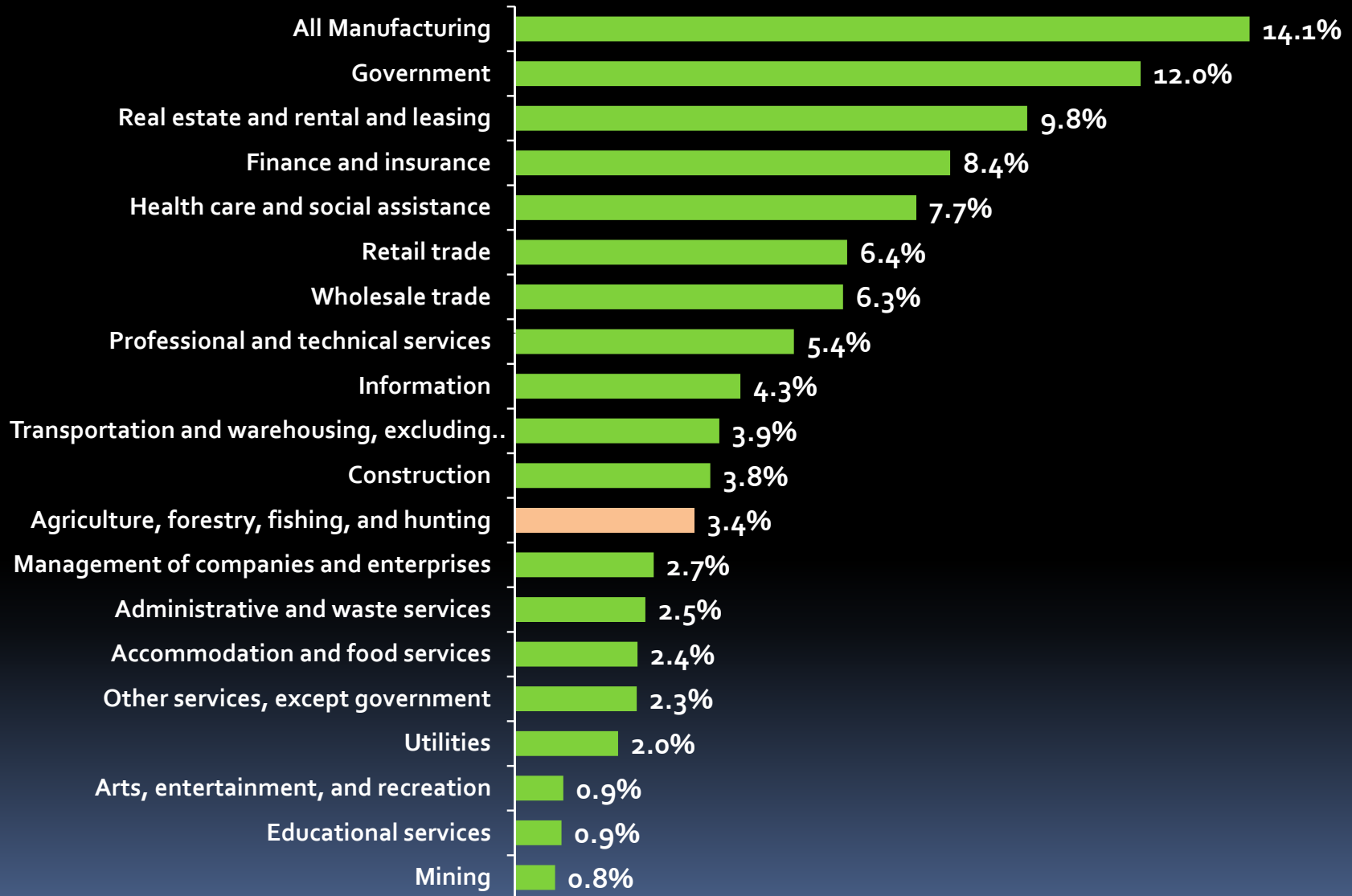
Pop Quiz

Of broad industrial categories

(ag, manuf., const., retail, wholesale, transport., services, govt, finance, insurance, utilities, etc.)

- What is MV region's largest industry (as measured by GDP)?
- Which industry employs the most workers?
- Which industry has lost the most jobs since 2000?

Composition of GDP in the Plains Region, 2007



Plains Top 5 Employment Sectors

19,201,400



Retail trade

17,619,500



Health care and
social assistance

14,039,000



Local government

11,960,200



Accommodation and
food services

10,155,500



Other
services, except public
administration

Top 10 Growing and Declining Industries in the Plains Region, 2000 to 2006

Health care and social assistance	144,678
Real estate and rental and leasing	125,825
Other services, except public administration	91,655
Specialty trade contractors	89,924
Accommodation and food services	74,854
Professional and technical services	61,119
Educational services	57,820
Local government	56,468
Administrative and waste services	50,335
Finance and insurance	47,550
Federal, civilian	(11,119)
Food manufacturing	(11,487)
Plastics and rubber products manufacturing	(11,936)
Fabricated metal product manufacturing	(13,265)
Electrical equipment and appliance manufacturing	(14,567)
All Other Durable	(14,992)
Machinery manufacturing	(16,482)
Computer and electronic product manufacturing	(23,444)
Farm employment	(28,823)
Information	(42,125)

Top 10 Growing and Declining Rates in the Plains Region, 2000 to 2006

Real estate and rental and leasing	38.3%
Educational services	28.6%
Specialty trade contractors	19.8%
Other services, except public administration	13.8%
Health care and social assistance	11.6%
Professional and technical services	10.3%
Accommodation and food services	9.7%
Administrative and waste services	8.6%
Finance and insurance	7.6%
Local government	5.5%
Food manufacturing	-5.1%
Farm employment	-5.2%
Federal, civilian	-6.1%
All Other Durable	-8.1%
Fabricated metal product manufacturing	-9.2%
Machinery manufacturing	-10.3%
Information	-13.9%
Plastics and rubber products manufacturing	-15.1%
Computer and electronic product manufacturing	-19.9%
Electrical equipment and appliance manufacturing	-26.7%

What's Next?

- Understanding the actual structure of the regional economy.
- Aligning development potential with reality
- Trying to anticipate the next economy
- Figuring out the distribution and configuration of community centers
- Understanding changing public service needs and requirements

Like

- Aging workforce and worker / proprietor replacement
- Worker retraining / relocation
- Smart cities – smart growth
- Creative economy
- Innovation and entrepreneurship
- Critical industrial and service clusters
- Asset matching
- Bio-economy
- Green communities and green lifestyles
- Regional strategies
- Amenities and natural resources
- Broad-based services to an aging populace: geriatric service clusters



Big Themes

- Biofuels – energy and the prospects for rural revitalization
 - Agricultural profitability
 - Plains state's energy exposure
 - Recession
 - Housing crisis
 - Banking issues
 - The distribution of public goods
 - Longer term prospects for the larger region
- 

Biofuels and the Bioeconomy

- Doubled our output in just 3 years – Most of that capacity is in Iowa, Minnesota, South Dakota, and Nebraska
- While some claim that there has been anywhere from a 100,000 to 250,000 job impact as a result of biofuels expansion, the actual values are smaller.
- Industry is stressed and doesn't look to grow rapidly (if at all) in the near future.

Agricultural Profitability

- Food for fuel controversy and the relationship of biofuels policy to world food prices
- Range in estimates 3% (favored by ag interests) to 75 % (World Bank economists)
- Mounting resistance among animal feeders along with shifting regional alliances
- High returns also turbo-charged land value increases and rents -- ultimately the big winner is the land owner.

Plains States Energy Exposure

- We are large energy users per capita:
 - ND = 4th
 - IA = 12th
 - NE = 18th
 - MN = 21st
 - SD = 25th
 - MO = 29th
- Use per capita is much greater in rural areas
- Will propel more people from rural areas towards urban centers
- Will also exacerbate housing value differences

Recession

- We don't play political silly buggers over whether there is or is not an official recession
- The economy is performing horribly across much of the U.S. and it is in deep recession in several parts of the U.S.
- Household incomes are stagnating and unemployment is up sharply.
- The fraction of unemployed qualifying for benefits is much lower than previous recessions
- Twin pressures of energy and food prices
- Housing crisis and personal financial stress have constrained spending (wealth effect has shifted to an "I'm poor" effect).

Housing Crisis

- Historically, housing values cannot rise faster than household income.
- If they do, then there has to be a correction
- Many bad actors:
 - Government policy and lack of oversight
 - A suspension of basic economics principles
 - Financial institutions nationally and internationally
 - Mortgage bankers and individual lenders
 - Housing speculators
 - People that shouldn't have been buying houses

Public Goods

- Intense competition for scarce public resources
- Economic development incentives
- Tax cuts and tax shifting
 - Firms to individuals
 - Progressive to regressive sources
 - Income to consumption
- “Race to the bottom” consequences
- Implications for public and human capital quality



Longer Term Regional Prospects

- Persistent urbanization and economic concentration
 - More intensive land-use from agriculture and industry will propel rural residents away.
 - Demographic contrasts between rural and urban will exacerbate
 - Lower rates of overall growth in population and incomes
- 