Agriculture’s Role in Rural Economic Growth
Rural economies hold up better in jobless recoveries.

**Metro and Nonmetro Unemployment Rates**  
(Including Discouraged Workers)

Source: USDA
Commodity markets are shaping rural economic gains.

U.S. Crude Oil and Corn Prices

Commodity-Dependent Economies Boom

Rural America is not Immune to Broader Economic Swings

Source: Commodity Research Bureau
Rural mining economies are booming

Rural mining employment
Up 8.4% in 2011
Up 20% since 2009

Top 10 State in Personal Income Growth

<table>
<thead>
<tr>
<th>State</th>
<th>Personal Income Growth 2010:YTD to 2011:YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) North Dakota</td>
<td>10.5</td>
</tr>
<tr>
<td>(2) Texas</td>
<td>6.8</td>
</tr>
<tr>
<td>(3) Oklahoma</td>
<td>6.5</td>
</tr>
<tr>
<td>(4) South Dakota</td>
<td>6.4</td>
</tr>
<tr>
<td>(5) Minnesota</td>
<td>6.1</td>
</tr>
<tr>
<td>(5) Nebraska</td>
<td>6.1</td>
</tr>
<tr>
<td>(7) Iowa</td>
<td>5.8</td>
</tr>
<tr>
<td>(7) California</td>
<td>5.8</td>
</tr>
<tr>
<td>(9) Colorado</td>
<td>5.7</td>
</tr>
<tr>
<td>(9) Idaho</td>
<td>5.7</td>
</tr>
<tr>
<td>U.S. Average</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis
Note: Year –to-Date information through third quarter
Rising farm incomes boost rural spending and *manufacturing*.

**Rural manufacturing employment**
- Up 3.8% in 2011
- Up 14% since 2009

**U.S. Tractor and Combine Sales**
- Thousand units per month

Source: Association of Equipment Manufacturers
Rural manufacturing was spurred by stronger exports.

Rural Manufacturing Jobs and U.S. Exports by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Rural Manufacturing Jobs</th>
<th>Rural Manufacturing Jobs percent change from 2009 to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood Products</td>
<td>39.9</td>
<td>41.2</td>
</tr>
<tr>
<td>Metal Products</td>
<td>41.2</td>
<td>56.1</td>
</tr>
<tr>
<td>Food Processing</td>
<td>23.2</td>
<td>33.9</td>
</tr>
<tr>
<td>Transport. Equip.</td>
<td>22.5</td>
<td>30.9</td>
</tr>
<tr>
<td>Petrol. &amp; Coal Products</td>
<td>15.5</td>
<td>139.9</td>
</tr>
<tr>
<td>Chemicals</td>
<td>10.6</td>
<td>30.6</td>
</tr>
<tr>
<td>Machinery</td>
<td>9.7</td>
<td>21.5</td>
</tr>
</tbody>
</table>

Percent change from 2009 to 2011

Calculations based on Census Bureau data and WiserTrade data
Rural housing activity is weak.

Rural Construction Employment
Flat in 2011
Down 24% since 2007

Calculations based on Census Bureau and FHFA data
High gas prices strained rural budgets.

Rural employment
Retail trade down 2%
Leisure and hospitality fell more than 10% in 2011
Fiscal challenges at the federal, state, and local level strain rural employment.

The public sector accounts for almost 1 out of every 5 rural jobs.

Most government employment is at the local level, whose budgets hinge on inter-government transfers and property taxes.

**Rural Government Employment**
Down 7.2% in 2011

Inter-government transfers account for 45% of the local government revenues in rural counties.
Fiscal challenges also strain hospitals and education.

**Rural Hospital Employment**
- Down 9.4% in 2011
- Down 8.8% since 2009

**Health Care Services Employment**
- Up 0.8% in 2011
- Down 2.6% since 2009

**Rural Educational Services Employment**
- Down 2.3% in 2011
- Down 8.0% since 2009
Long term challenge: Attract and Retain People

- What makes rural America competitive?
  - Business opportunities
    - Infrastructure
    - Skilled workers
  - Quality of life
    - Education
    - Health care
    - Recreation
- The Challenge

**Memories**

Population in Rural Counties of Tenth Federal Reserve District

Source: Henderson (2009)
Conclusions

- Agriculture is a key cornerstone of the rural economy.
- Booming commodity markets drive many economic engines in rural America.
- Rural communities, however, are not immune to the challenges of the broader economy – housing and fiscal deficits.
- The longer term question is:

  What enhances the competitiveness of rural businesses and communities?