

Nonmetro Manufacturing Counties Regaining Employment

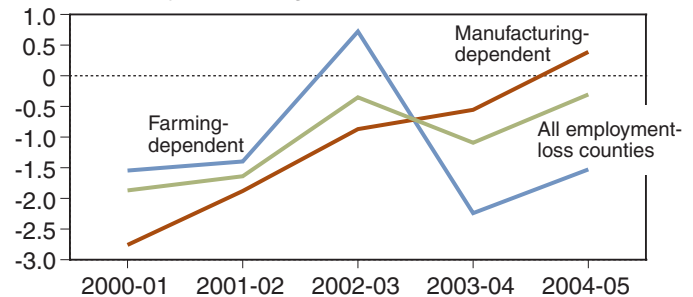
Employment levels in nonmetro America have recovered from declines experienced in the 2001 recession and were just over 1 percent higher in 2005 than they were 5 years earlier. Yet nonmetro counties differed widely in their patterns of employment loss and recovery over this period. In 2005, 46 percent of all nonmetro counties had fewer working residents than in 2000. These employment-loss counties had about 5 percent fewer working residents in 2005 than in 2000 on average, with most of the losses occurring during the first 2 years of the decade.

The extent of employment loss among these counties depended in part on the types of economic activity driving the local economy. Counties dependent on manufacturing—about a third of all employment-loss counties from 2000 to 2005—saw particularly steep employment declines at the beginning of the decade as imported manufactured goods captured an increasing share of the U.S. market. Despite the rapidity of the decline, manufacturing nonmetro counties have since recovered jobs more quickly than other employment-loss nonmetro counties. In 2005, the typical employment-loss county dependent on manufacturing added working residents, and trends suggest that these counties will continue to outperform other employment-loss counties in the near term.

Many employment-loss counties dependent on farming have experienced stagnant or declining employment for several decades. Nearly two out of every five farming-dependent counties (171 out of 440) have lost employment since 1970. Furthermore, employment change in these counties had a weaker relationship to

By 2005, manufacturing-dependent counties were outperforming other nonmetro counties that have lost employment since 2000

Percent employment change



Source: Calculated by USDA, Economic Research Service using data from Local Area Unemployment Statistics, Bureau of Labor Statistics.

the economic downturn at the start of the decade than in other nonmetro counties. With the exception of a brief uptick during 2002-03, employment in farming-dependent counties dropped 1.5-2.5 percent per year from 2000 to 2005.

Uneven rates of job growth are typical during economic recessions and recoveries. Even so, the national economic slowdown was not the only factor determining employment change in nonmetro counties that lost jobs. Long-term local economic and demographic characteristics also may have affected employment levels in certain counties. For example, about 40 percent of nonmetro counties losing employment from 2000 to 2005 also lost employment from 1995 to 2000, a time of generally robust growth in the

U.S. economy. Declines in employment and population often reinforce each other in places where economic and technological change have reduced the long-run demand for labor. \mathcal{W}

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This finding is drawn from . . .

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