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U.S. Department of Agriculture
Agricultural Outlook Forum 2004
February 19 & 20, 2004

Rural Labor Markets Assessment and Prospects

Robert Gibbs

rural labor markets assessment and prospects

Robert Gibbs

Economic Research Service -- USDA



- assessment...
 - of employment (job availability)
 - of earnings (job quality)
- prospects...
 - for industrial structure
 - for human capital growth
 - for more vulnerable workers

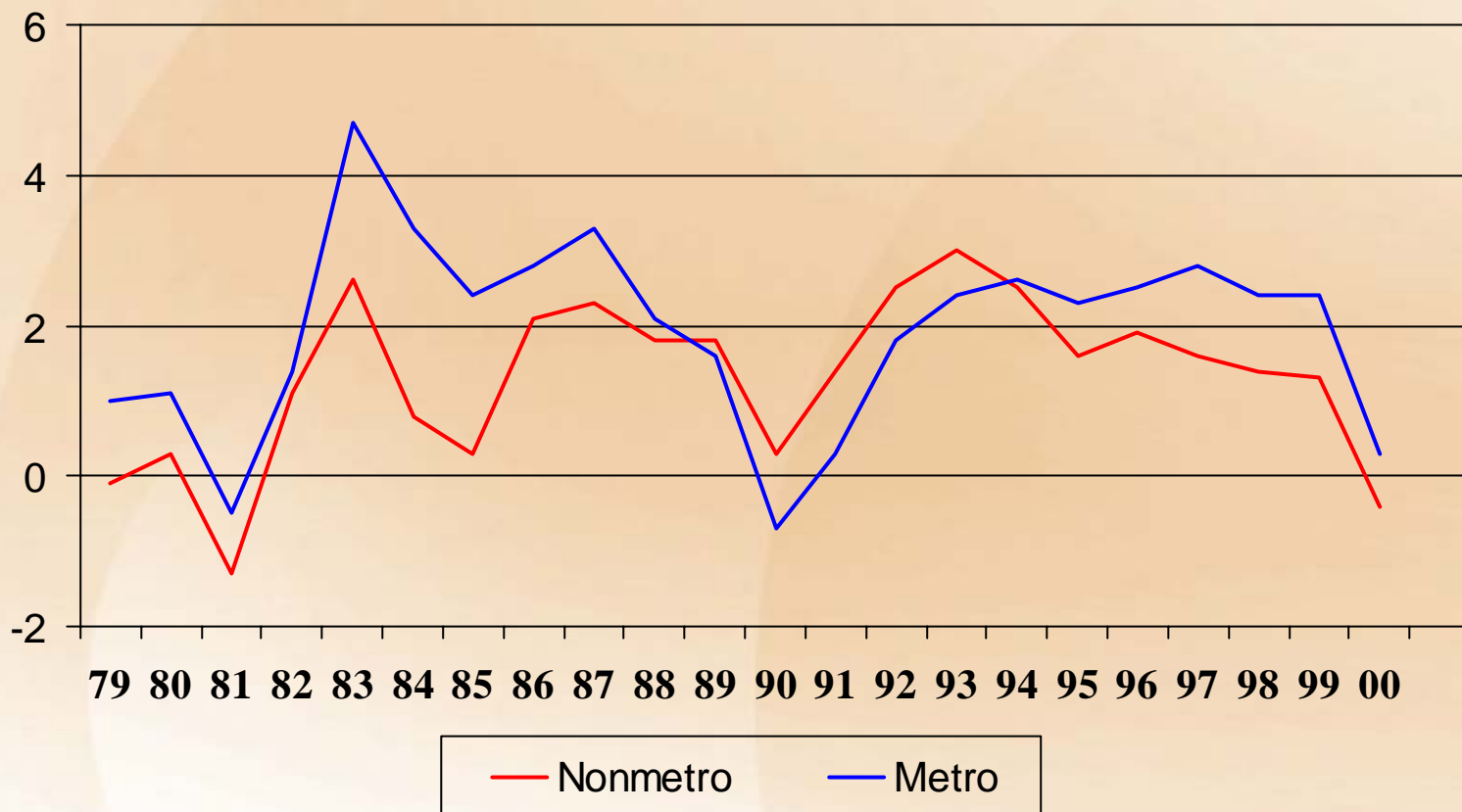


employment trends in the 90s: a
decade of steady improvement

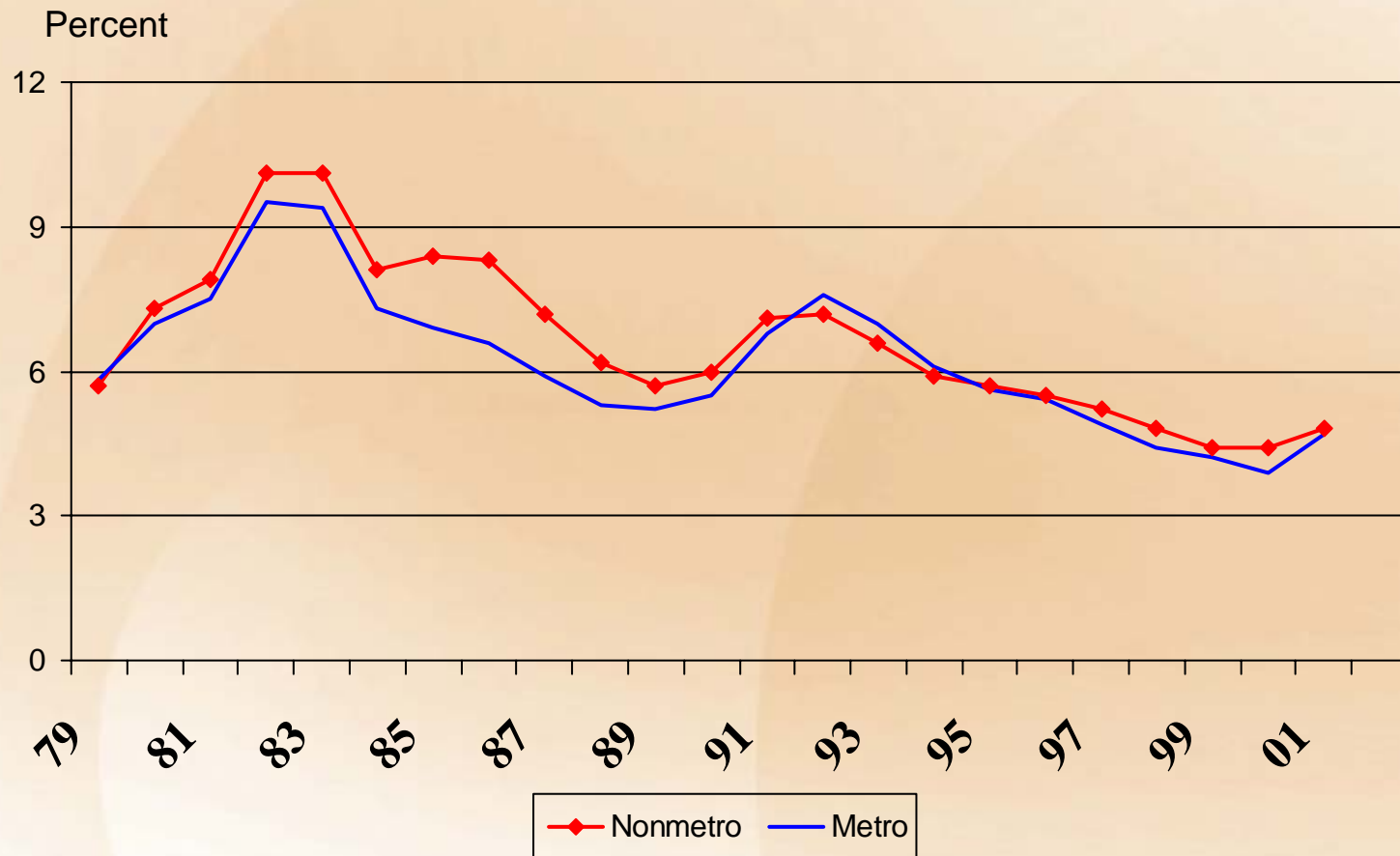


Change in jobs by metro status, 1979-2001

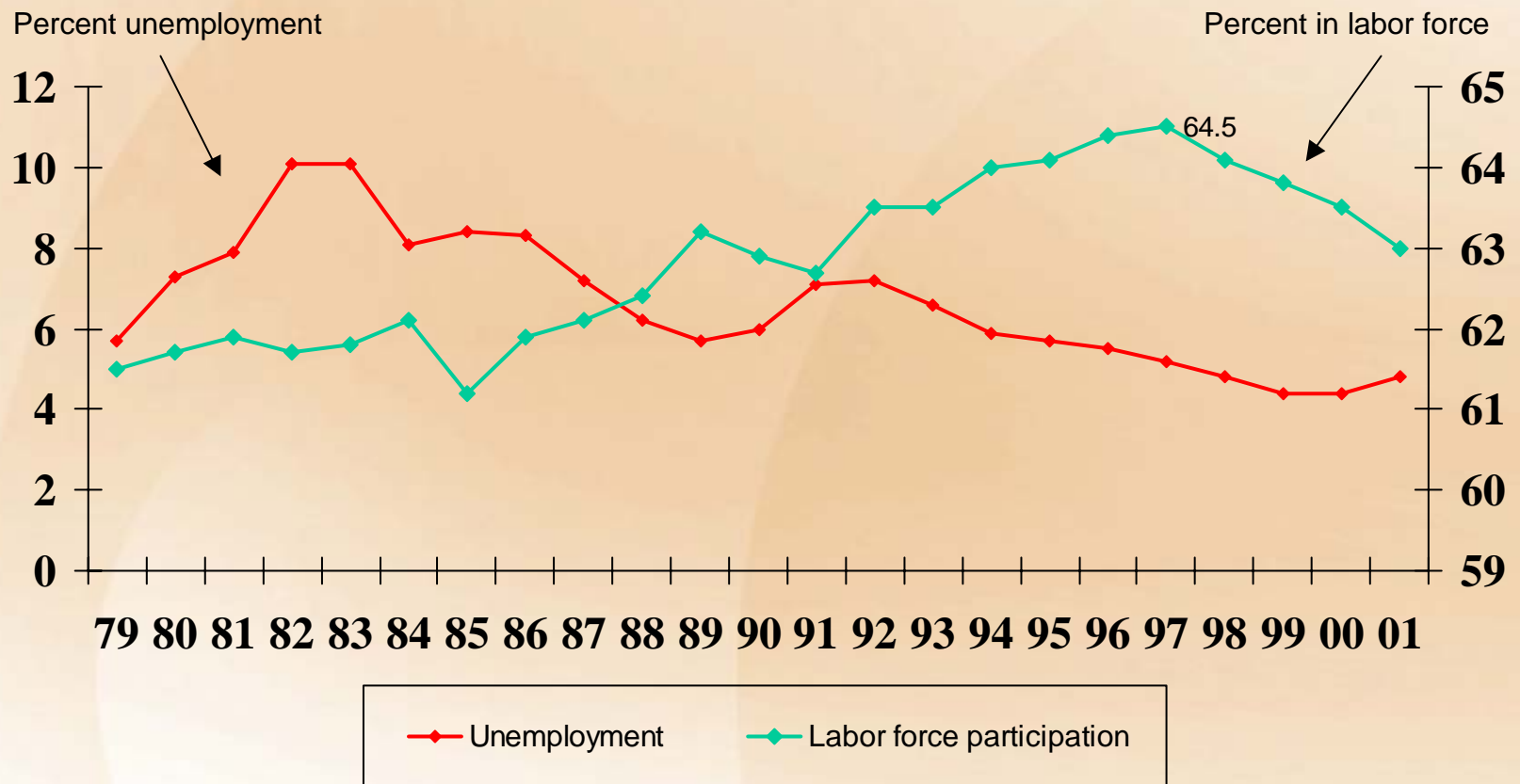
Year-to-Year Percent Change



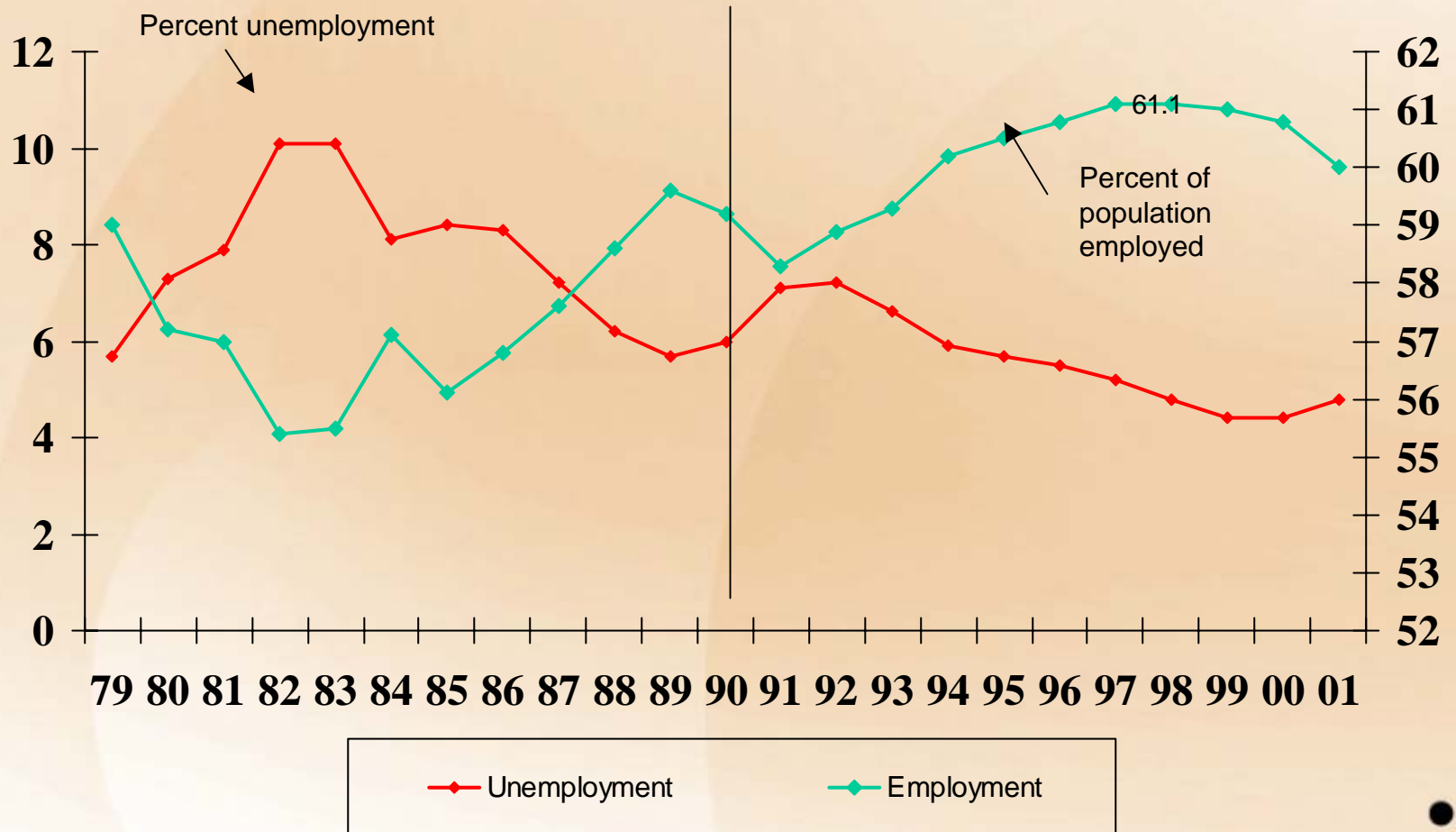
Unemployment rates by metro status, 1979-2001



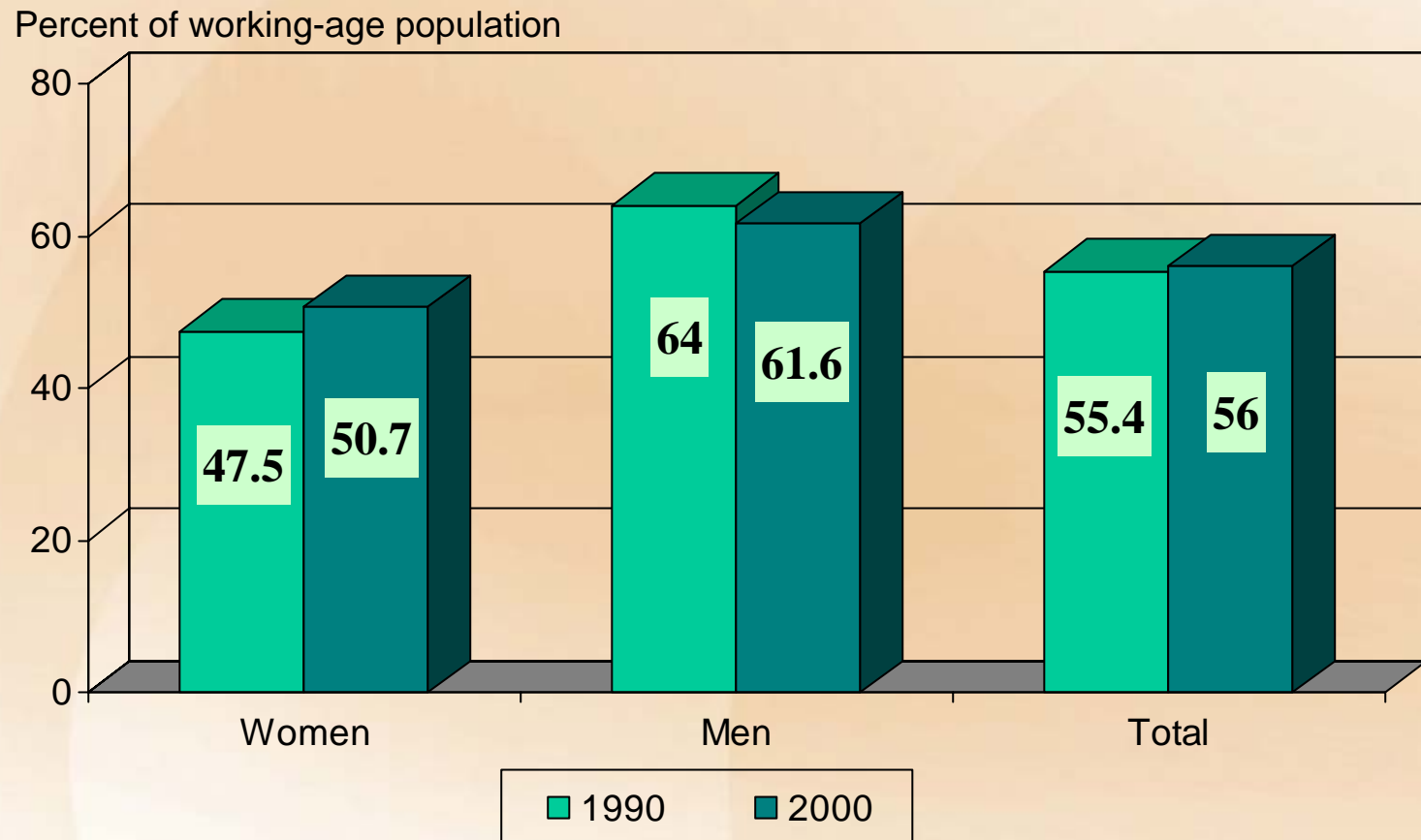
Nonmetro unemployment and labor force participation rates, 1979-2001



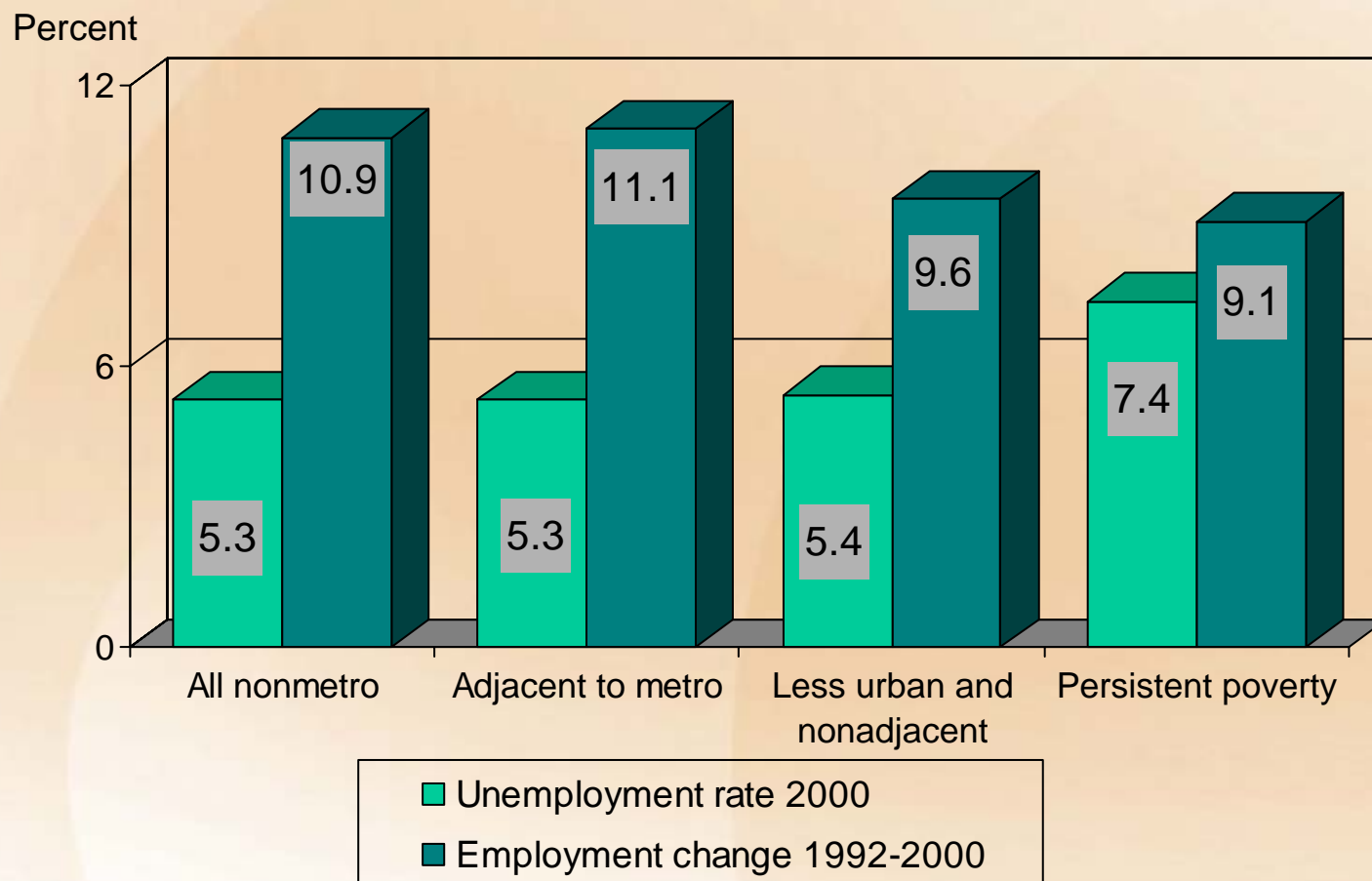
Nonmetro unemployment and employment rates, 1979-2001



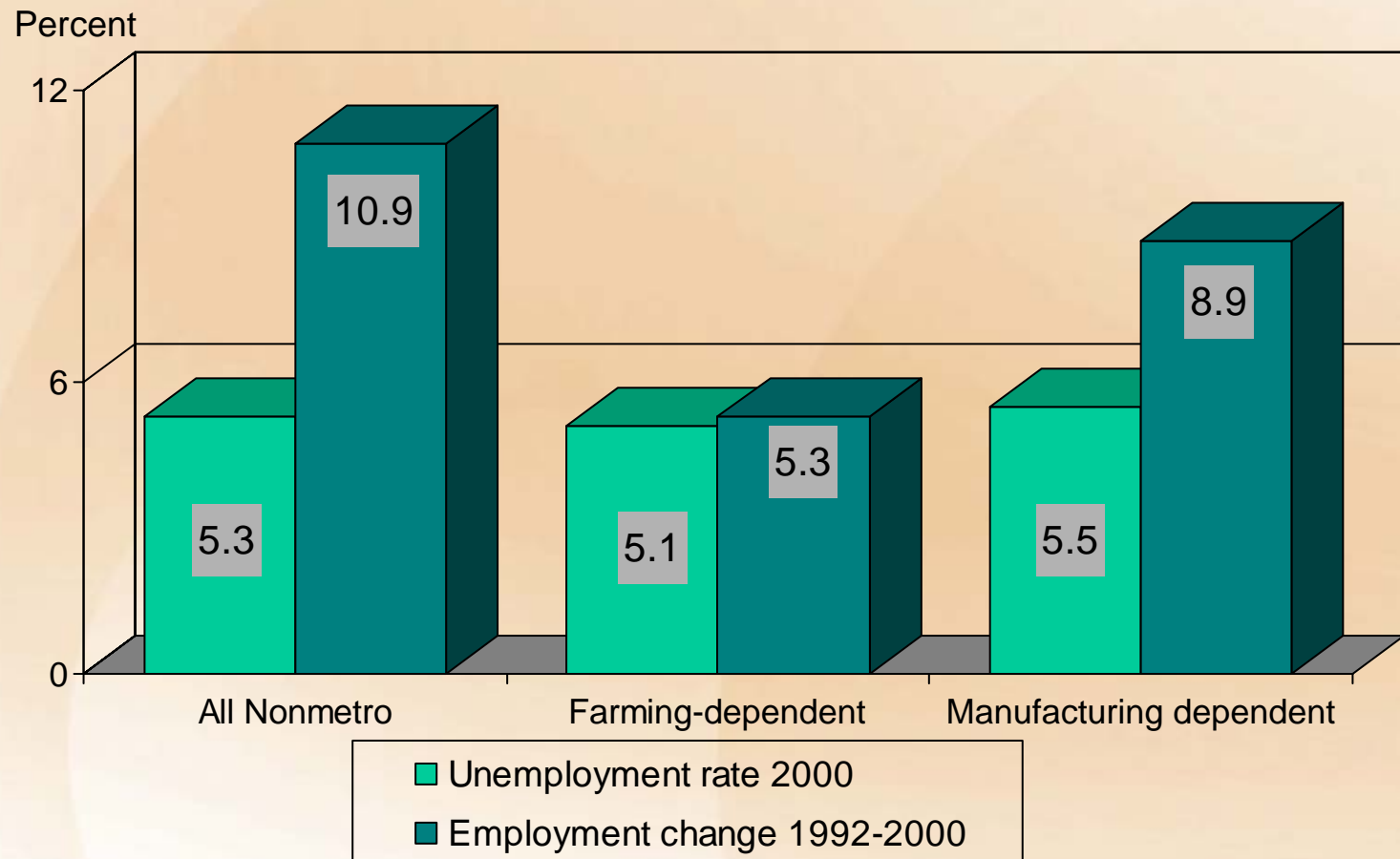
Nonmetro employment rates 1990 and 2000



Unemployment rates and employment change



Unemployment rates and employment change

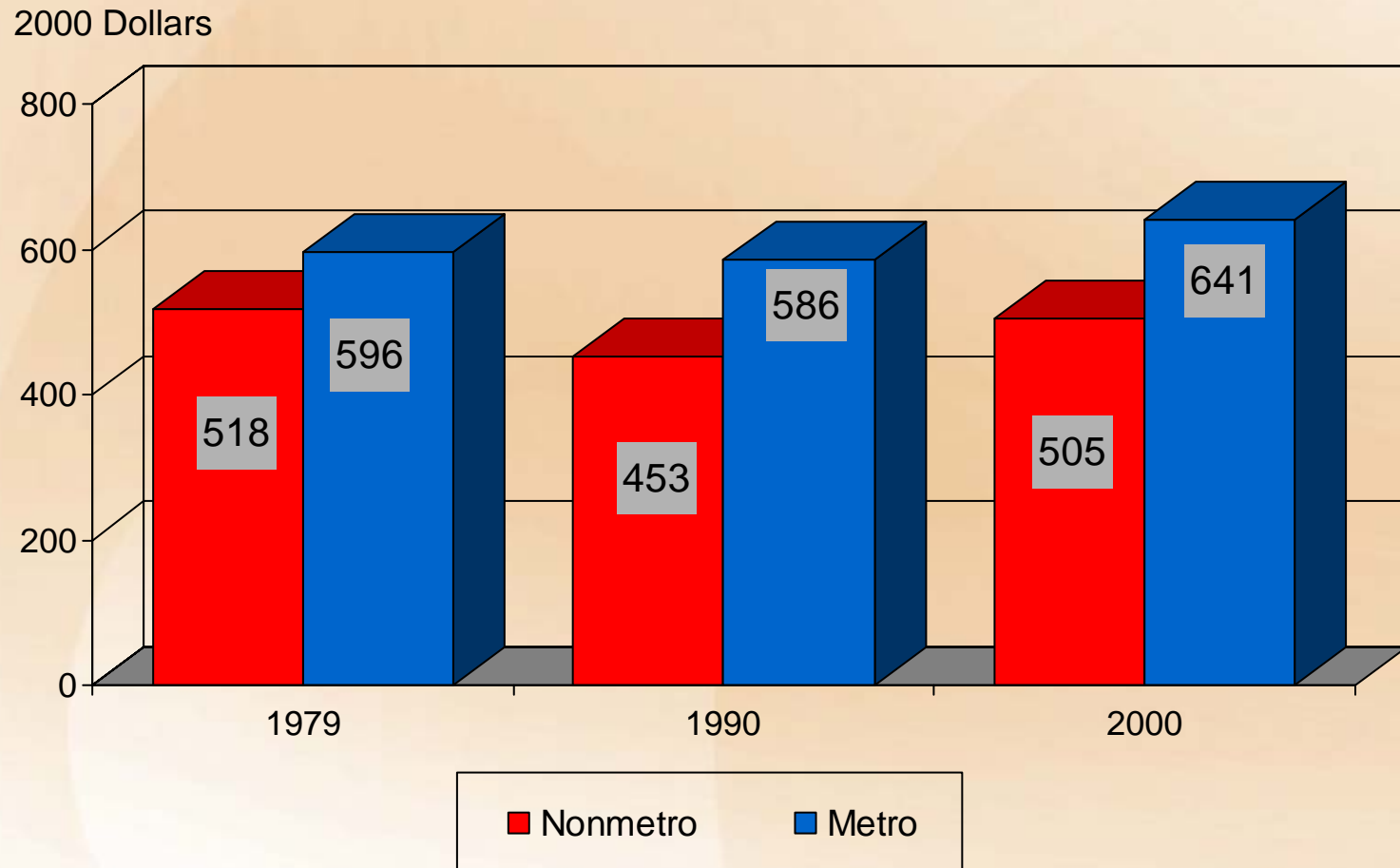


earnings rose...

along with education levels

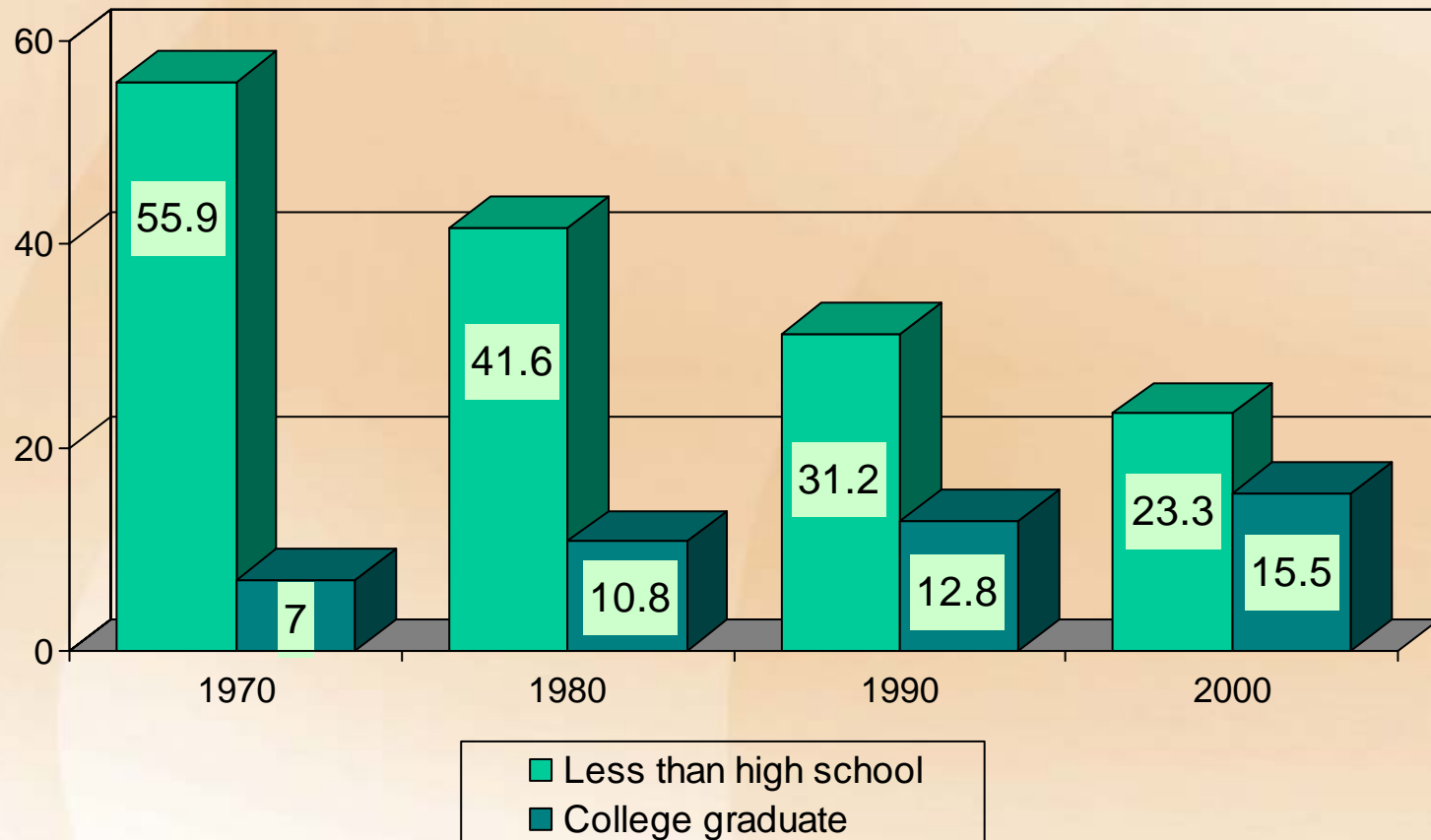


Average weekly earnings by metro status, 1979, 1990, and 2000

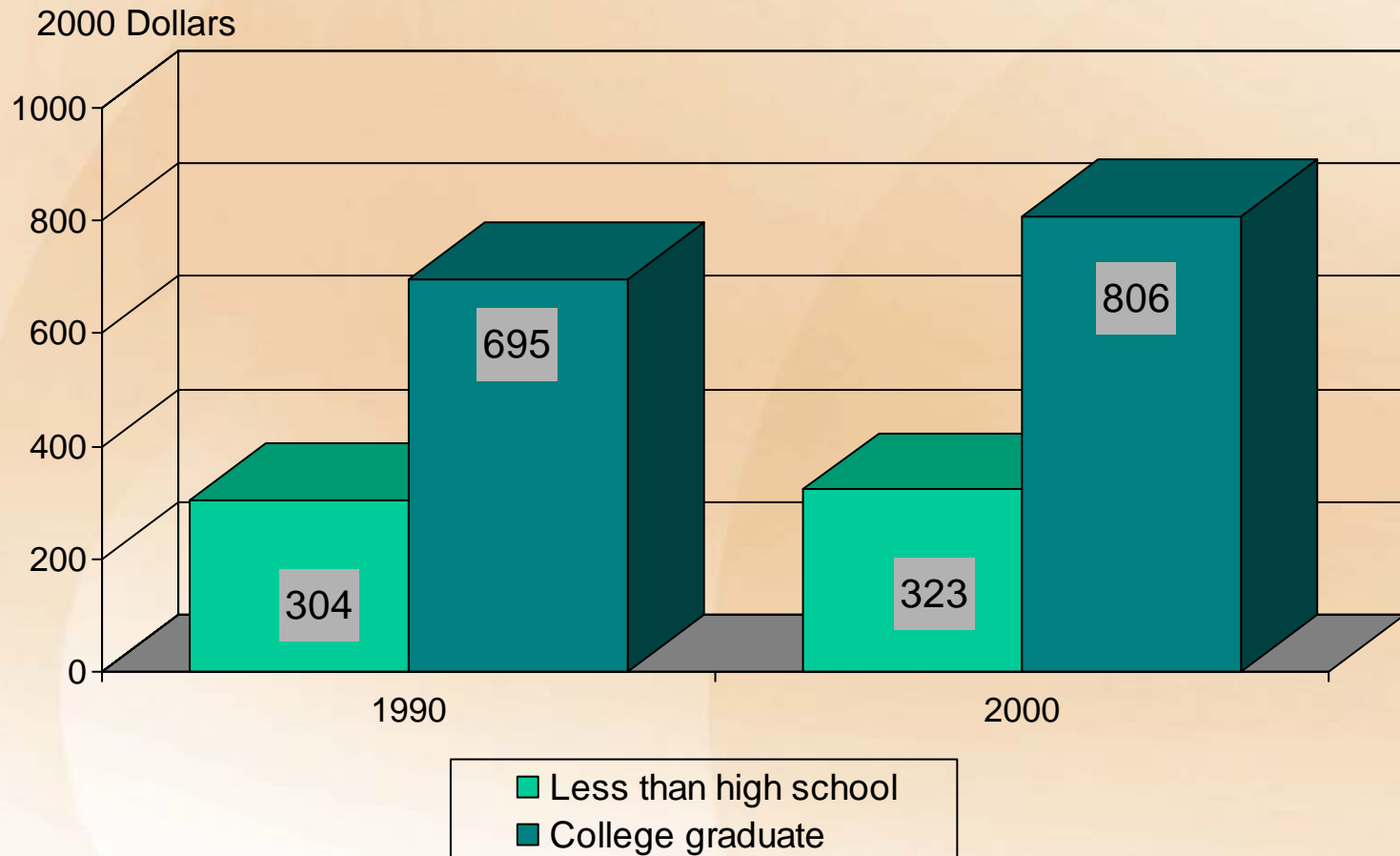


Nonmetro educational attainment 1970-2000

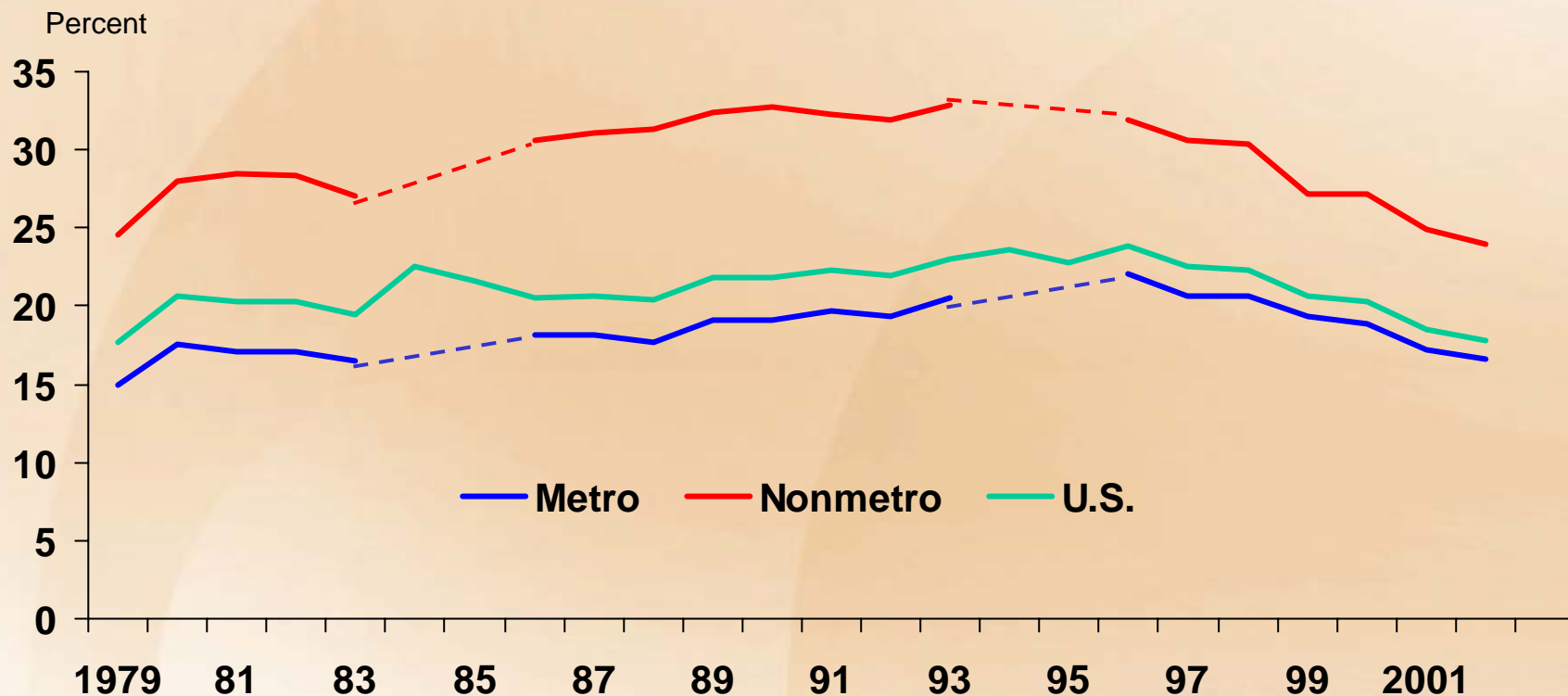
Percent of adults 25 and over



Nonmetro average weekly earnings by educational attainment, 1990 and 2000



Share of experienced wage and salary workers earning low wages, 1979-2002



Summary

- Workers in rural America prospered in the 1990s: Job growth moderate but steady. Unemployment rates fell.
- Labor force participation fell slightly--source seems to be lower employment rates among prime-age males.
- Low unemployment and moderate job growth was geographically widespread. Historically distressed counties experienced positive growth and lower unemployment, although improvement was below the nonmetro average.



Summary

- The rise in rural earnings during the 1990s was a departure from slow wage growth in 1980s.
- Nonmetro earnings continue to lag metro earnings, but nearly equivalent among high school dropouts.
- Metro-nonmetro gap likely to continue due to urban concentration of highly-specialized professional and technical jobs, and administrative and managerial positions within large organizations.

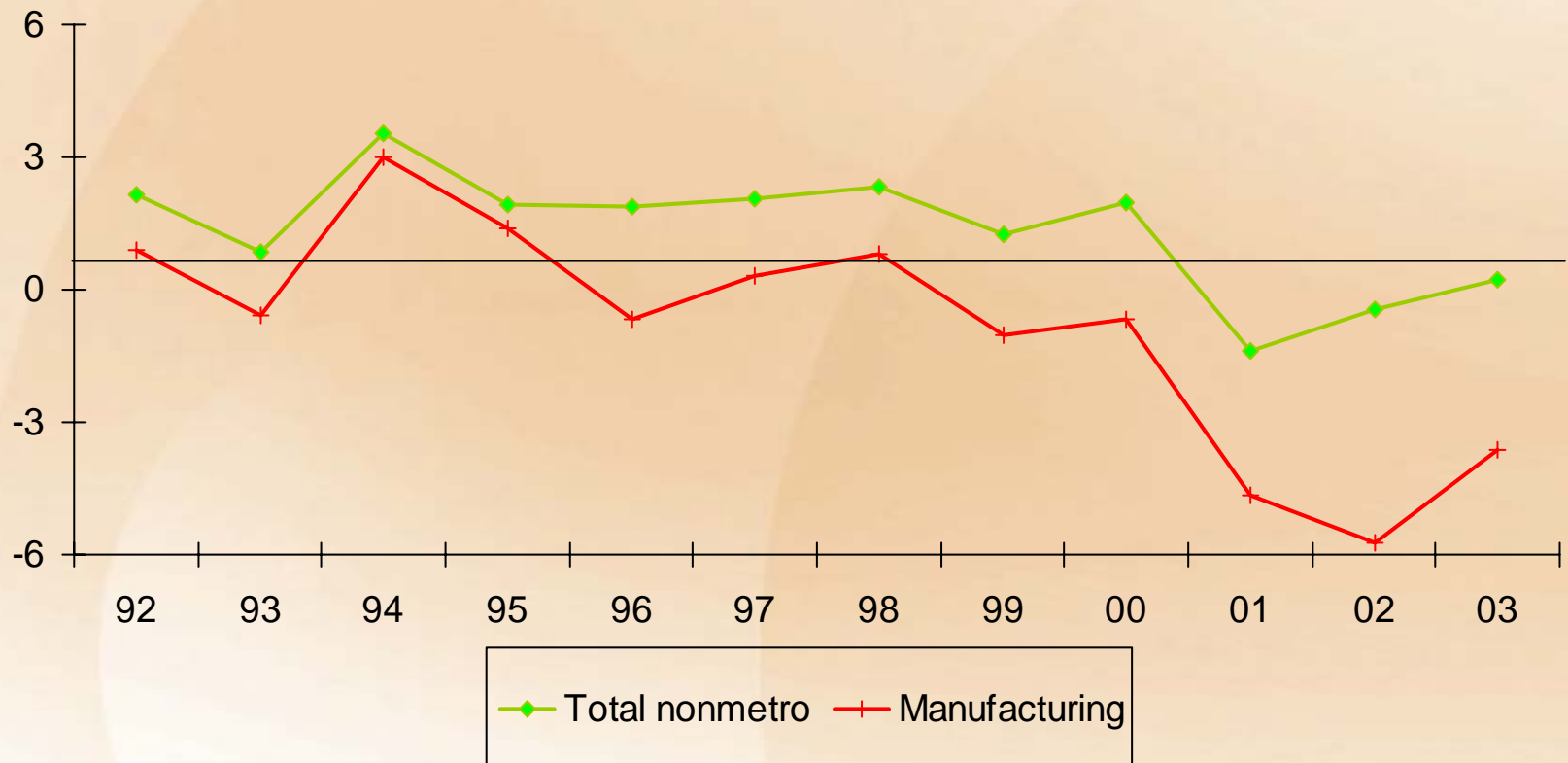


What's next for rural labor markets?

- Shift from agriculture expected to continue at a steady pace
- Shift from manufacturing likely to be higher in this decade than in the 1990s due to the employment declines since 2000.



Nonmetro change in total and manufacturing employment 1991-2003

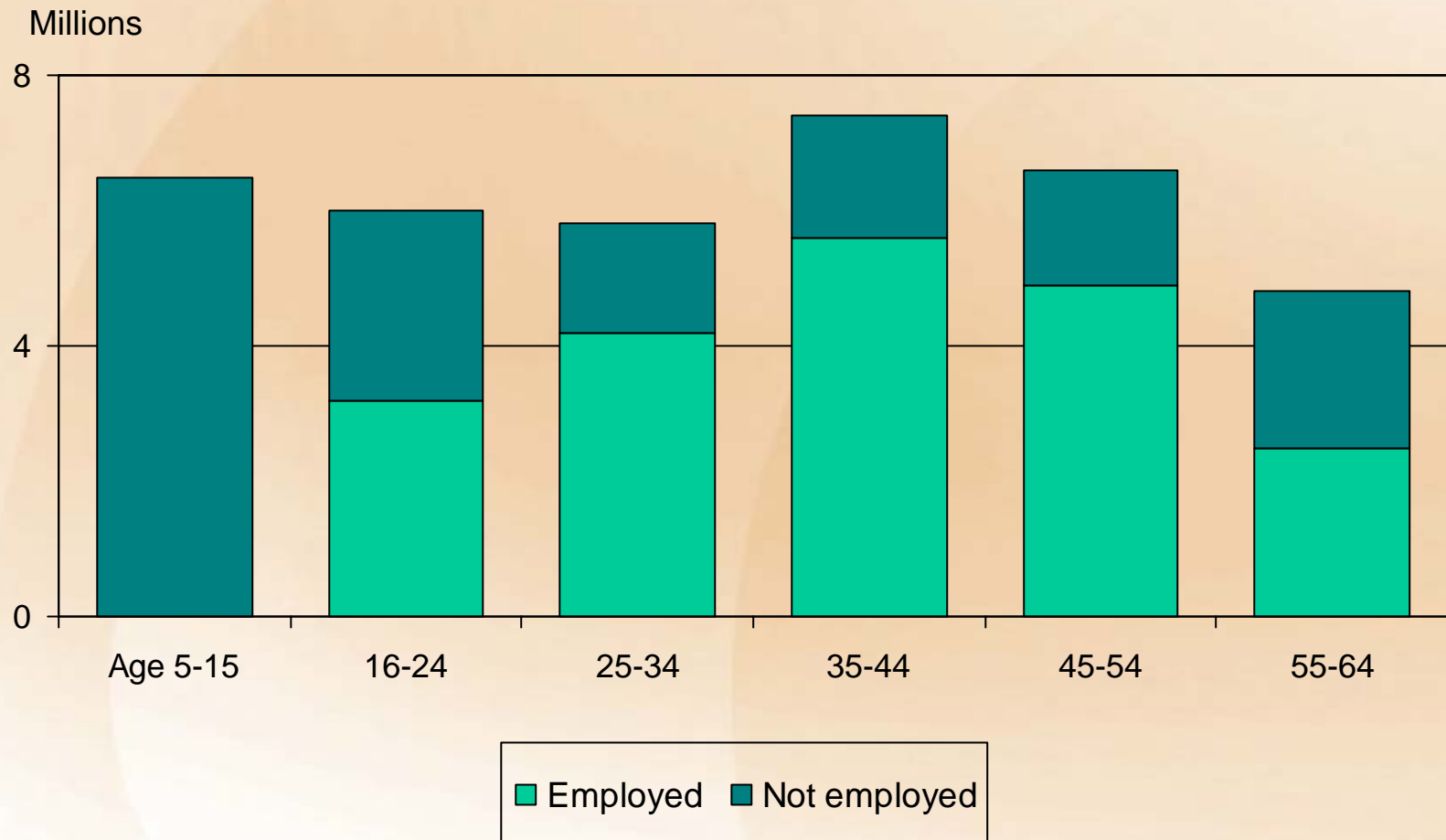


What's next for rural labor markets?

- Quickening wave of “baby boom” retirement near the end of this decade may slow employment growth.



Nonmetro population and employment by age 2000



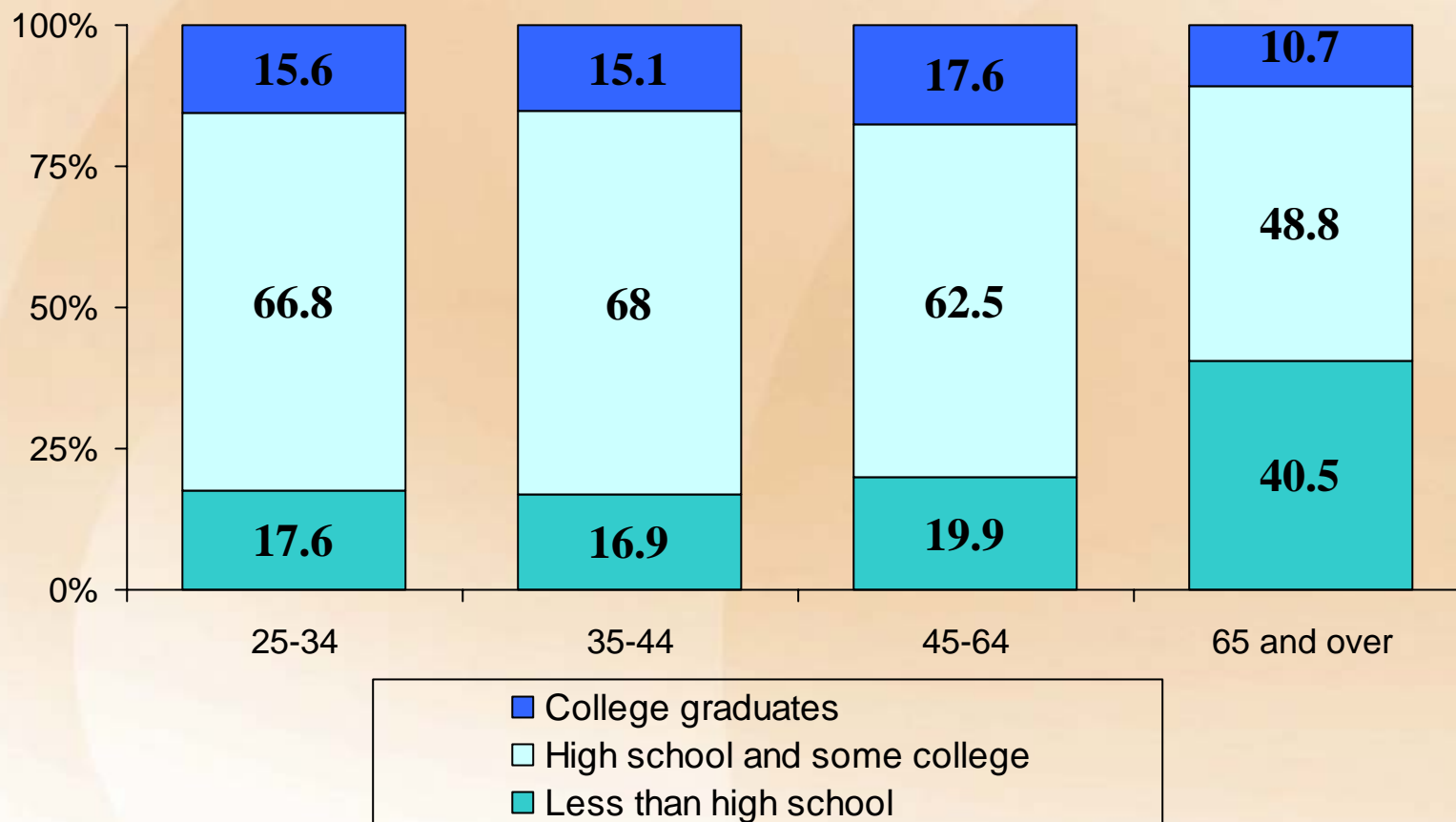
What's next for rural labor markets?

- Increase in educational attainment of prime working age adults likely to slow



Nonmetro educational attainment by age 2000

Share of population in age group

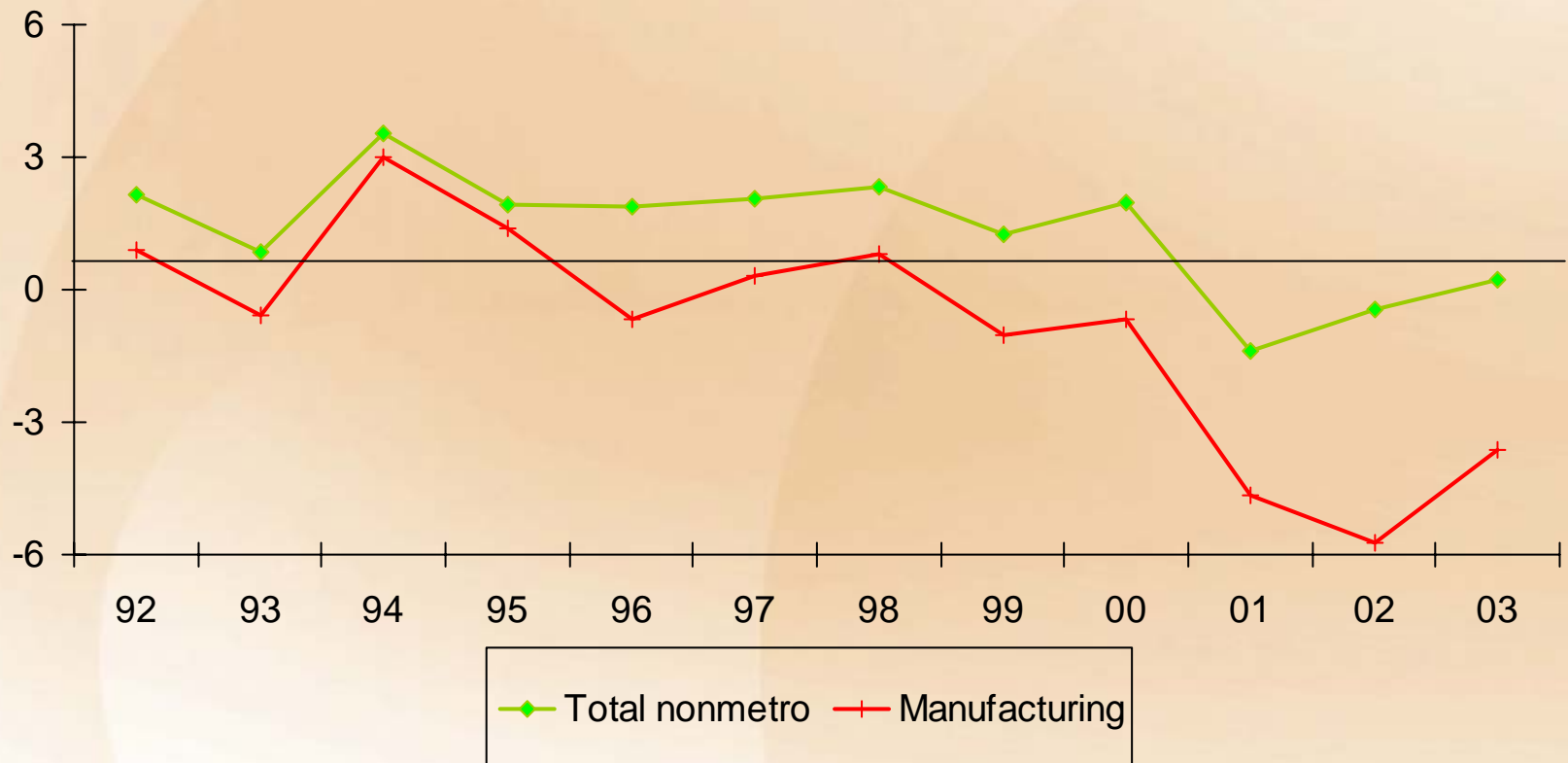


What's next for rural labor markets?

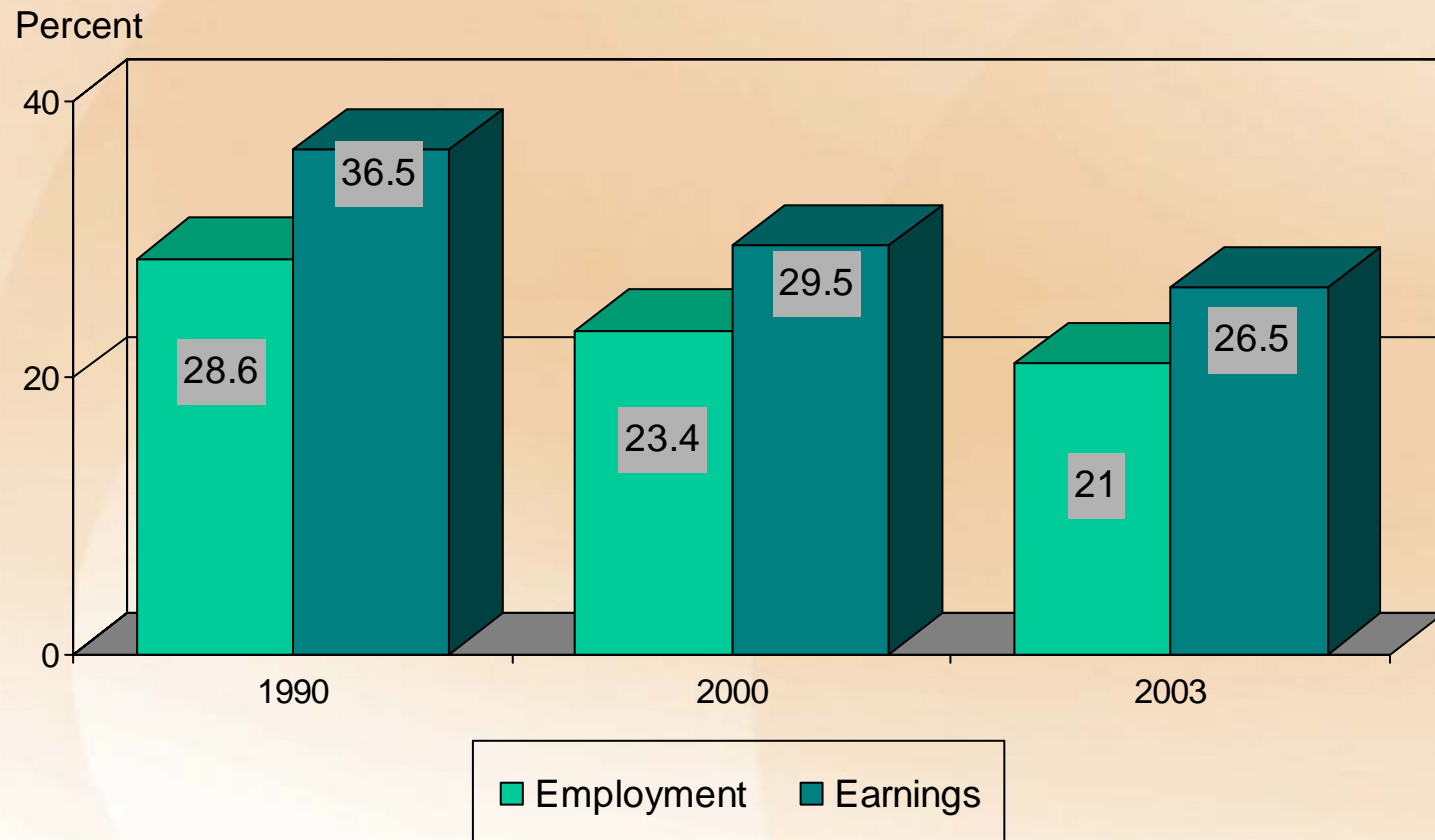
- Manufacturing decline has not demonstrated strong net effect on less-educated workers so far--but tight labor markets are key.



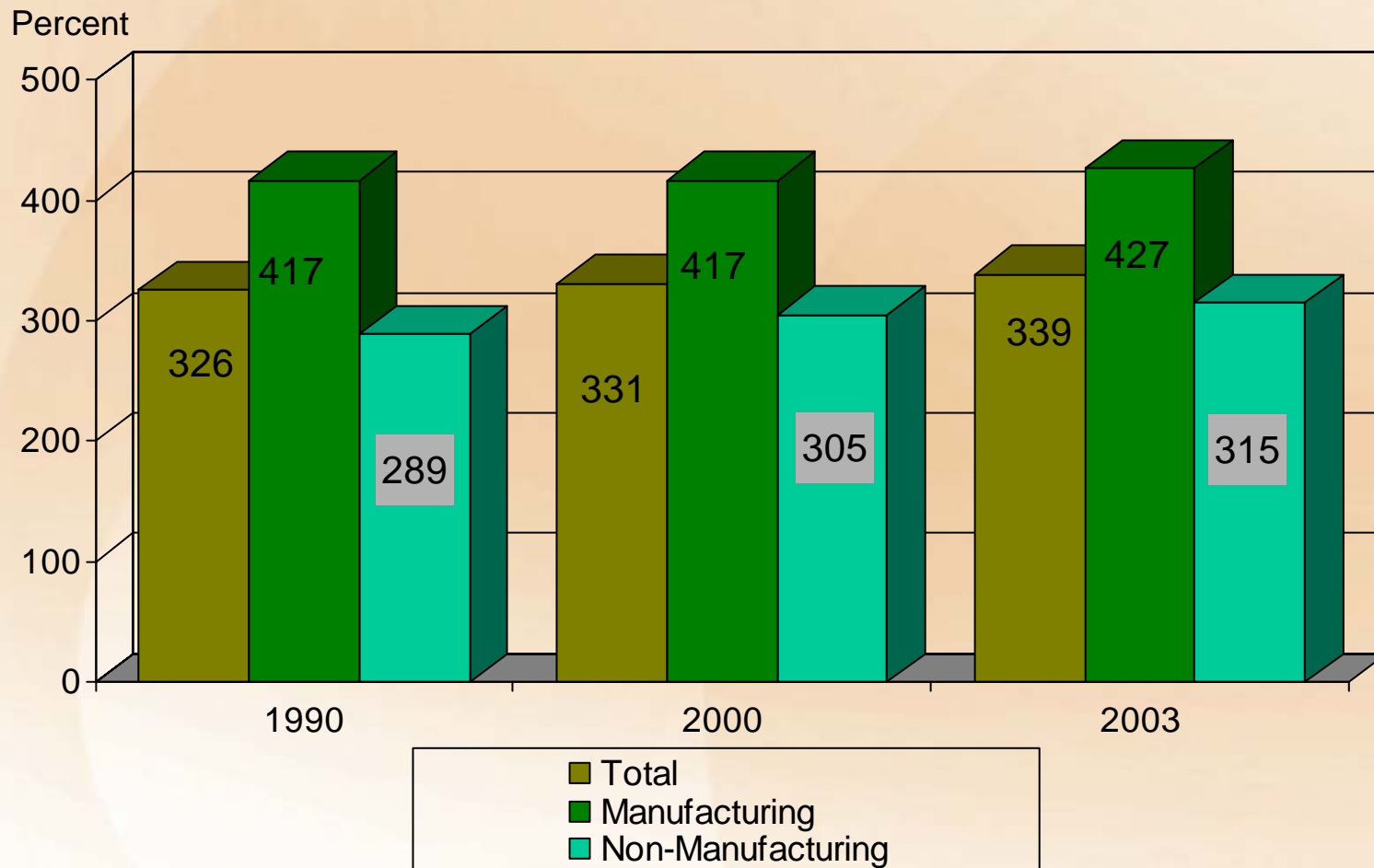
Nonmetro change in total and manufacturing employment 1991-2003



Manufacturing's employment and earnings share among nonmetro workers with less than a high school diploma



Earnings by sector among nonmetro workers with less than a high school diploma



In Summary...



Conclusions

- Traditional rural sectors are projected to continue gradual employment decline.
- Slower overall employment growth likely as “baby boomers” retire, compounding lagging sectoral growth.
- Educational attainment among rural workers will increase less briskly.
- Industrial restructuring has not had strong impact on less-educated workers due to overall wage growth--macro conditions are key in short run, education and training in long run.

