Rural Conditions and Trends

Economic Research Service • United States Department of Agriculture • Spring 1990 • Vol. 1, No. 1

ERS

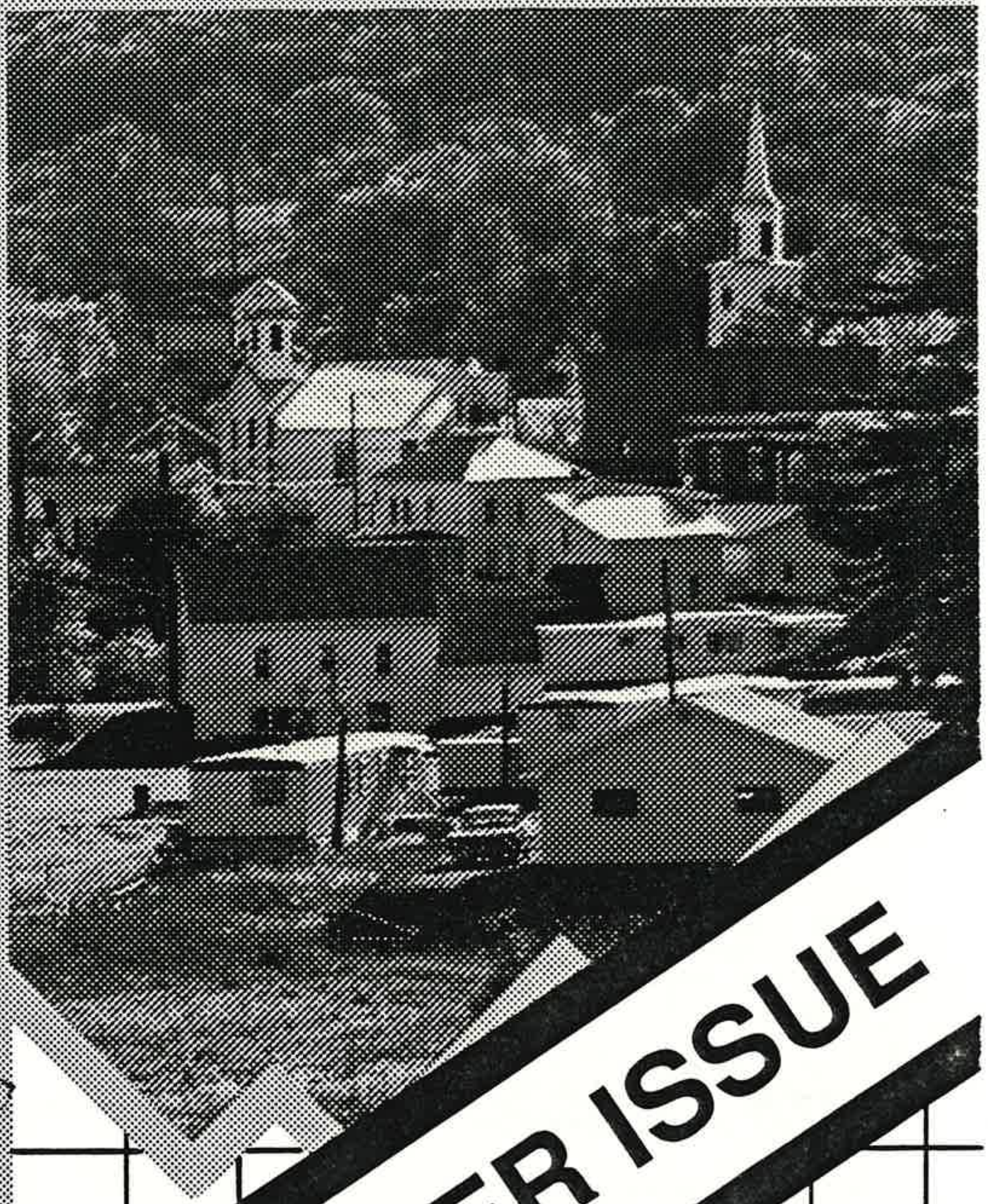
Employment up as long stall ends

Unemployment down: Nonmetro still lags metro

Manufacturing jobs fuel rural recovery

Nonmetro population still dropping in mid-America but growing on coasts

Rural earnings per job shrink slightly: Metro/nonmetro gap grows slightly



PREMIER ISSUE

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

Dear Colleague,

I am pleased to introduce you to *Rural Conditions and Trends*, a new USDA periodical that brings you up-to-date information on what's happening in rural America. Much of our Nation's strength comes from the small towns and countryside spread across our landscape. Yet, many of those places face major challenges in building and maintaining an economy that will support their residents. Economic shifts during the 1980's were especially hard on rural counties and the people living there. The 1990's, however, offer an opportunity to revive rural economies.

Every 3 months, *Rural Conditions and Trends* will bring you the latest available data about conditions in rural America and the well-being of rural people and their communities.

Forthcoming issues will discuss recent changes in rural America in crisp, nontechnical language. Plentiful charts and short tables help tell the story about topics such as these:

* Employment and unemployment--How have they changed recently and why?
* Industrial structure--What industries are becoming more important to rural areas? Do those industries offer jobs with a future?
* Earnings and income--What are the differences between nonmetro and metro areas? Why?
* Poverty--How are changes in employment affecting the poorest rural residents?
* Population migration and growth--Are rural areas growing? Where are rural people moving?

After you have read through this premiere issue of *Rural Conditions and Trends*, I think you will agree with me that this quarterly periodical will help you understand current conditions in rural America as you make decisions influencing its future.

Be sure to take a moment to complete the order form on the inside back cover to ensure that you receive the coming issues of *Rural Conditions and Trends*. Or call the ERS-NASS order desk toll-free at 1-800-999-6779.

Sincerely,

R R Vautour

ROLAND R. VAUTOUR
Under Secretary for Small Community and Rural Development

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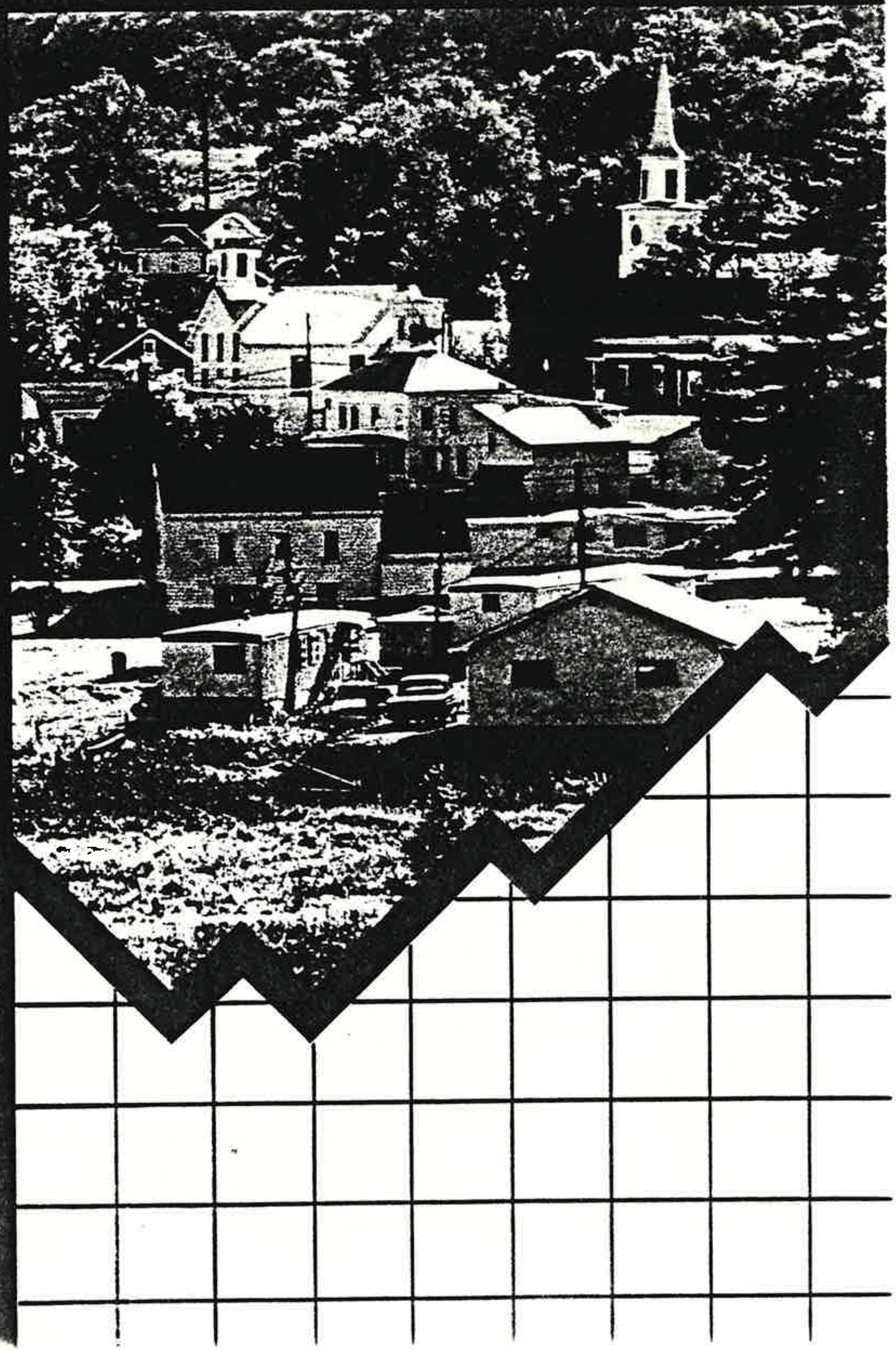

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The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of the Department.

Rural Employment Growth Improves, Earnings Lag

Moderate improvements in rural employment and unemployment since 1986 have been tempered by slow income growth. Nonmetro areas still significantly lag metro areas in economic well-being.

Most economic indicators point to moderately improved rural economic conditions since 1986, particularly in 1988 and 1989, paralleling national economic gains. Urban areas continue to lead rural areas in most measures of economic well-being, but differences in unemployment and poverty rates have narrowed substantially. Nonmetro employment grew faster than metro employment during 1989 by some measures, but data for the last quarter of 1989 suggest a slowing of employment growth, perhaps associated with the overall weakness in manufacturing employment.

The unemployment rate in rural areas fell in 1989 to a level unseen since the peak of the expansionary period in 1979. At a low 5.7 percent, moreover, the rural unemployment rate averaged only half a percentage point above the metro rate. Thus, although it took the rural economy much longer than the urban economy to pull out of the 1980-82 recessions, it apparently has gotten back on track after stalling in the middle of the decade.

This recent improvement is confirmed by the improved ability of rural areas to sustain population growth. When the rural economy fared poorly in the mid-1980's, rural people moved out rapidly enough for the population to decrease in over half of all nonmetro counties.

But the most recent data suggest that this trend has moderated significantly since 1986, just as the rural economy began to improve. Rural areas may not be growing as fast as elsewhere, but they are retaining more people than earlier, with substantially lower net outmigration.

This good news about the rural economy and rural conditions should be tempered by the fact that higher employment and lower unemployment have not translated into much improvement in real per capita income. It has been sluggish in both nonmetro and metro areas since 1985. While the gap has apparently narrowed slightly, per capita income in nonmetro areas remains less than three-quarters that of metro areas.

In sharp contrast to the slow growth in income was significant decline in nonmetro poverty rates from 1986 to 1988. The recent employment growth seems to have especially benefited low-income people. For example, the recent employment growth may have allowed laid-off breadwinners to go back to work, or a second wage earner in a family to get a job, raising family income above the poverty threshold. The low wages these workers probably earn, however, do not increase their income enough to produce impressive improvement in per capita income in rural areas.

Real nonmetro earnings per job declined slightly in 1987, just as the nonmetro economy was picking up again. If this decline reflects the introduction of low-wage jobs into the nonmetro economy, as other data suggest, it raises concerns about the quality of rural jobs and the long-term economic well-being of rural people.

Why the nonmetro economy began to improve in the last 2 years is not clear, but we do have some ideas about contributing factors. The developments that helped the national economy in 1986 contributed to the improved rural economy. But, that cannot be the total explanation since the metro portion of the economy so significantly outperformed the nonmetro in the mid-1980's. Manufacturing employment grew significantly in 1986-87, encouraged by the weaker dollar on foreign exchanges. The devalued dollar particularly helped rural areas, where a disproportionate share of routine manufacturing competes directly with overseas producers. The decline in mining employment also slowed somewhat. Significant rural outmigration during the mid-1980's may have taken some of the upward pressure off unemployment, leaving fewer rural job seekers.

Our assessment of conditions in rural areas draws from many sources of information, only a few of which provide data on the last few months. We must, thus, be cautious in making any assumptions about the future of the rural economy. We don't know enough about why it has improved since 1986 to predict with any confidence that the improvement will continue. A strong national economy in the immediate future would be a good sign, but whether that would be enough to sustain nonmetro growth is less than clear.

Transition in 1989, Sustainable Growth in 1990

After 3 years of rapid economic activity, rising interest rates cooled the economy in 1989. Following an unusual first quarter, stable-to-slightly falling rates should support expansion in 1990.

The effects of Federal Reserve (Fed) policy dominated developments in 1989. Tighter monetary policy—slower money and credit supply growth—lowered 1989 economic growth compared with the previous 3 years. Fed tightening, which began in the second half of 1988, was designed to hold down inflation, a goal that appeared to have been accomplished by the end of 1989.

Why Did the Fed Tighten?

Fears that too-rapid economic growth would generate inflation prompted the Fed's tightening. The gross national product (GNP), adjusted for inflation, grew 4.4 percent in 1988, up from 3.7 percent in 1987. Industrial production growth accelerated, reaching a healthy 5.7 percent in 1988.

As economic activity increased, the civilian unemployment rate dropped from 7 percent in 1986 to 5.5 percent in 1988, the lowest annual average since 1974. A 33-percent decline in the value of the dollar from 1985 to the end of 1988 sparked faster export growth and slower import growth between 1986 and 1988. Real exports posted gains, and trade deficits narrowed.

Stimulated by export growth, capital investments rose dramatically. Business plant and equipment spending surged 10.5 percent in 1988, compared with a 2-percent decline in 1986.

Moderate but rising inflation rates accompanied faster real GNP growth. Consumer price inflation jumped from 1.1 percent in 1986 to 4.4 percent in both 1987 and 1988.

In 1986, interest rates slipped with slower inflation and moderate GNP growth. In 1987, rates rose slowly throughout the first 9 months as inflation crept up and real growth accelerated, but dropped sharply after the October record stock market decline.

Interest Rates Rise

In 1988, analysts began to fear an inflation surge. Faster growth increased credit demands, putting upward pressure on interest rates. In mid-1988, the Fed began slowing money and credit supply growth by reducing bank reserves. By the end of 1988, the Federal funds rate—the interest rate charged between banks for borrowing bank reserves—had risen almost 2 percentage points. Bank prime rates rose with the Federal funds rate.

Inflation continued to climb in the first half of 1989. Producer prices rose an annualized 10.2 percent in the first quarter, while consumer prices increased 6 percent. Rising crude oil prices

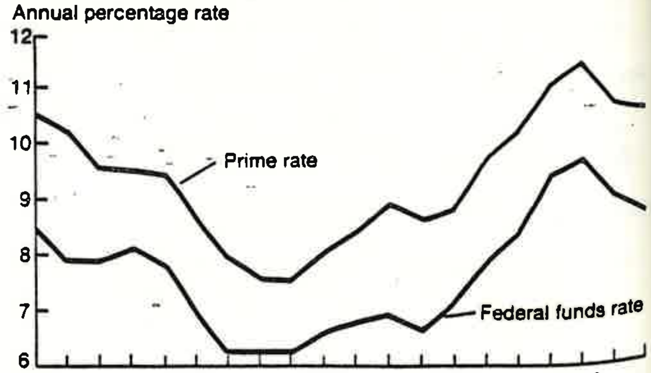
Federal Reserve tightening slows economy . . .

Rising inflation alarmed the Fed . . .

Consumer and Producer Price Indexes

Which prompted an interest rate rise. . .

Federal funds rate spurs prime rate rise



caused most of the price hike, although consumer prices were still affected by the 1988 drought. Although lower in the second quarter, annualized inflation was significantly above 1988, at 5.1 percent for producer prices and 4.8 percent for consumer prices.

High inflation in the first half of 1989 intensified concern about a possible wage-price spiral, further pushing interest rates up. By June 1989, the bank prime rate rose to 11.5 percent from 10.5 percent in December 1988.

Due to higher interest rates, the Nation's industrial production slowed to an annual rate of 1.7 percent in the first quarter, compared with 3.5 percent in the second half of 1988. Manufacturing production slowed to an annualized 2 percent, much less than the 5.3-percent rate in the fourth quarter of 1988. Growth in nonagricultural jobs also slowed.

Rising interest rates began to push up the foreign exchange value of the dollar, dimming hopes for continued robust export growth. The expected slide in exports and a slowing industrial sector generated recession forecasts.

When the inflation rate began to subside after the second quarter, the Fed reversed tactics and cautiously began to lower interest rates. A precise estimate of when and by how much interest rates affect the economy is hard to make. Thus, the Fed moved cautiously to avoid aggravating inflation while promoting growth.

Despite the change in Fed policy, the effects of high interest rates persisted, crippling manufacturing, especially durable goods-producing firms. By December, manufacturing production was only 1.1 percent above the previous year, compared with 3.2 percent in June.

Manufacturing jobs dropped with production. Durable goods jobs fell 121,000 between August and November, a sharp contrast to the 91,000-job gain during the same period a year earlier. Overall, goods-producing industries lost 254,000 jobs between August and December. Although service-producing industry job growth slowed, service sector firms seem less sensitive to interest rate movements.

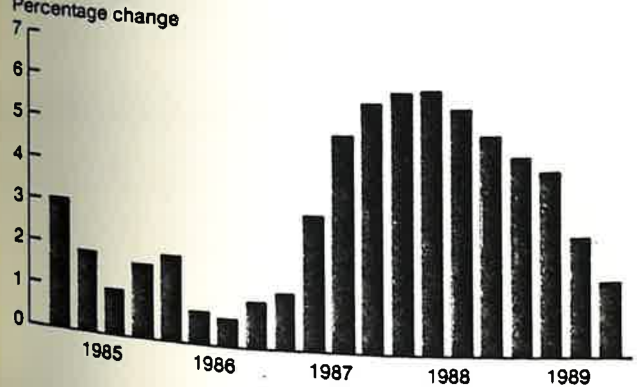
These conditions provided the backdrop for the events of 1990, which should have seen continuing moderate inflation, with slowly declining interest rates, and moderate real growth. Unusually harsh weather drove up energy and fresh food prices in the first quarter, however, causing inflation to jump. An early introduction of spring women's apparel put additional shortrun pressure on inflation. Long-term interest rates rose, reversing some of the declines in the second half of 1989.

Since the price run-up in the first quarter was largely temporary, the most likely scenario has only been postponed, not derailed entirely. Barring a continuation of the unusual events, the rest of 1990 should see 3.5- to 4.5-percent inflation, 2.5- to 3-percent real GNP growth, and stable to slightly falling interest rates.

[For further information, contact Ralph Monaco or Elizabeth Mack, 202/786-1782.]

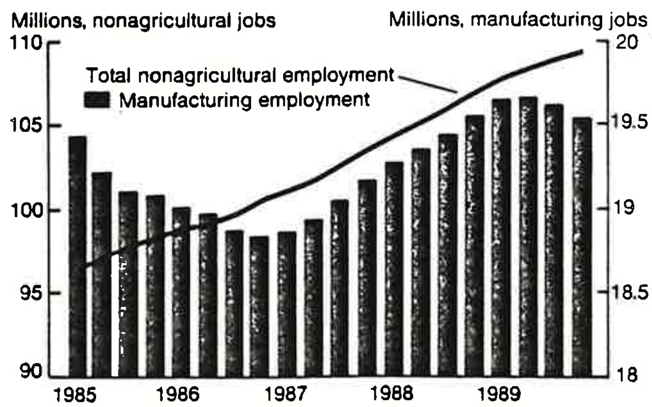
Curbing industrial production . . .

Change in production from the same quarter of the previous year



And lowering employment

Total and manufacturing employment, quarterly



Nonmetro Employment Growth Exceeds Metro

Between 1988 and 1989, rural employment grew faster than metro employment for the first time since the 1980-82 recession. However, some data suggest that rural growth slowed in the last 3 months of 1989.

During 1988-89, nonmetro civilian employment grew more rapidly than metro employment for the first time since the 1980-82 recession, according to Census Bureau data from the Current Population Survey (CPS). Nonmetro employment increased an average of 3.7 percent (891,000 workers) between 1988 and 1989. Metro employment rose by only 1.6 percent (1.5 million workers) in the same period, while nonmetro employment grew faster than at any time since 1983-84.

Substantial increases in the nonmetro labor force participation rate suggest that many unemployed may have been rehired during 1988-89 and that growth in the size of the labor force continued. Over 63 percent of the nonmetro civilian population 16 years and older was in the labor force in 1989, an all-time high since the data were first collected in 1973 (app. table 1). Metro areas also posted a record-high labor force participation rate of 67.4 percent in 1989. Nonmetro labor force participation rates are lower, partly because of the higher rural proportions of disabled and other individuals prevented from working because of family obligations.

Although nonmetro growth was substantial for 1989 as a whole, fourth quarter data indicate a slowdown. The extent of this slowdown is not clear because different data show slightly different trends. CPS data indicate a fourth quarter decline in nonmetro employment growth, which still outstripped the growth in metro areas. Preliminary county-level data from the Bureau of Labor Statistics (BLS) that had shown stronger nonmetro than metro growth in earlier 1989 quarters show nonmetro growth to be slower than metro growth in the fourth quarter of 1989. Final BLS revisions may not be as pessimistic as the preliminary numbers. National declines in manufacturing employment in 1989, however, hit nonmetro areas harder than metro areas, taking some of the steam out of the recent improvement in rural employment.

The largest percentage gains in nonmetro employment during 1988-89 were among the 35-54 age group (up 5.7 percent), women (up 4.7 percent), and Hispanics (up 10.3 percent). The largest absolute employment gains were among whites, women, and the 35-54 age group. Metro areas show a similar pattern of employment growth among these groups, but at slower rates.

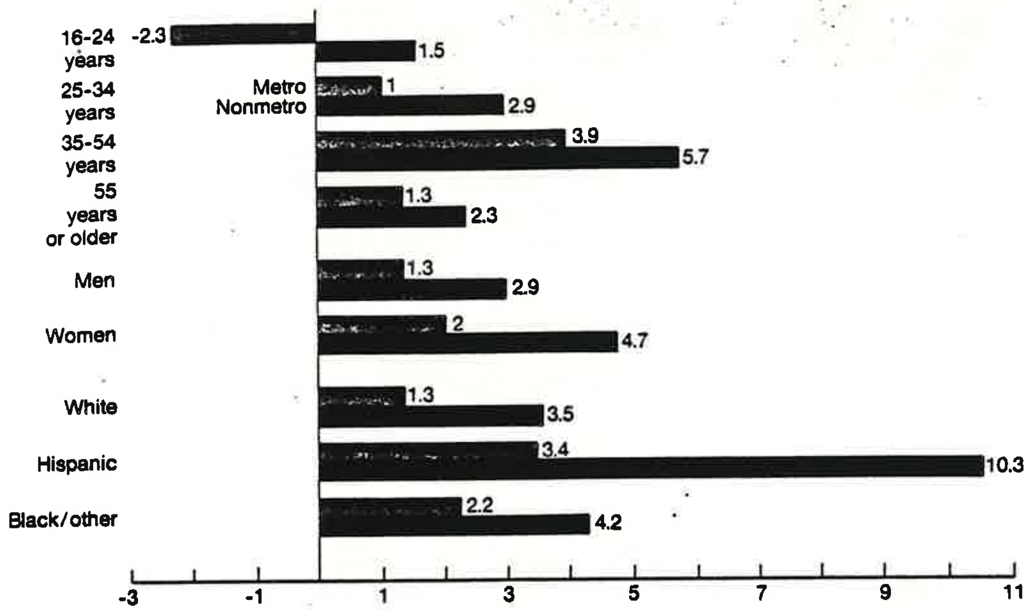
Rural employment finally recovered from the effects of the 1980-82 recession in 1988-89, but the fourth quarter data make continued nonmetro growth uncertain. Should interest rates fall, the economy expand, and manufacturing employment rise in 1990, we expect nonmetro areas to continue their recovery.

[For further information, contact Tim Parker, 202/786-1540.]

Employment growth rates

Nonmetro employment gains were highest among women, Hispanics, and those 35-54 years old, 1988-89

Percentage change by age, sex, race/ethnicity



Source: Current Population Survey.

U.S. employment growth slows

But, employment in nonmetro areas grew faster than elsewhere in 1989

Area	1985-86	1986-87	1987-88	1988-89
		Percent change		
Nonmetro	1.72	0.91	2.25	3.74
Metro	2.43	3.04	2.25	1.63
United States	2.28	2.59	2.25	2.06

Source: Current Population Survey.

Nonmetro Unemployment Continues To Decline

Nonmetro unemployment rates have fallen dramatically since the 1980-82 recession; however, teenagers, blacks, and Hispanics continued to face high unemployment in 1989.

Nonmetro unemployment has declined fairly consistently since its peak of 10.1 percent during the 1980-82 recession, according to annual average data from the 1989 Current Population Survey. Nonmetro unemployment dropped from 6.2 percent in 1988 to 5.7 percent in 1989 and has now returned to prerecession levels. Unemployment remains higher in nonmetro areas than in metro areas, where it was 5.2 percent in 1989, about half a percentage point lower than nonmetro areas. Before 1980, nonmetro unemployment was lower.

Bureau of Labor Statistics (BLS) data also show falling unemployment, although the BLS shows a consistently higher nonmetro unemployment rate and a higher metro-nonmetro gap than the CPS. Preliminary BLS data for 1989 indicate that the average nonmetro unemployment rate was 6.4 percent compared with 5 percent for metro areas.

Despite the declines in nonmetro unemployment rates, unemployment remains relatively high among some population groups, particularly minorities and teenagers. In 1989, 15.3 percent of teenagers, 12 percent of blacks, and 9.3 percent of Hispanics in nonmetro areas were looking for work. Nonmetro black teenagers had a particularly high unemployment rate, over 32 percent, in 1989. Except for blacks, these groups have seen the greatest declines in unemployment. Thus, those considered hard-core unemployed seem to be getting jobs as the economy moves toward full employment.

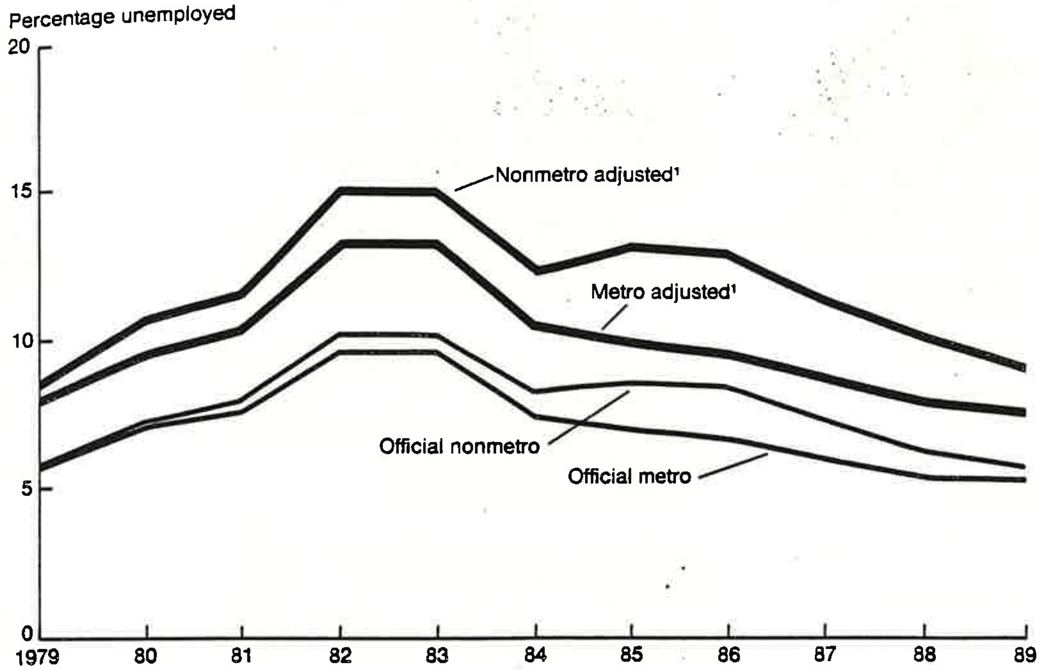
These official unemployment statistics tend to underestimate employment problems, especially in nonmetro areas, in part because they do not consider discouraged workers or the underemployed. The nonmetro adjusted unemployment rate, which includes discouraged workers who have given up looking for work and half of those who work part-time but want to work full-time, was 9.1 percent for nonmetro areas and 7.5 percent for metro areas in 1989. However, the adjusted unemployment rate has fallen faster in nonmetro areas, and the metro-nonmetro gap has narrowed considerably since 1986.

With continuous declines in unemployment, rural America appears to have recovered from the economic effects of the 1980-82 recession. At the same time, the direction the economy will take in the near future is uncertain. Although the economy showed signs of weakness in the last half of 1989, few economic experts are predicting a recession in the next year. Moderate economic growth, curbed inflation, lower interest rates, and some gains in manufacturing production and employment are more likely. If this prediction holds, rural unemployment levels will probably continue to drop during 1990.

[For further information, contact Leslie A. Whitener, 202/786-1540.]

Unemployment at decade low

1989 nonmetro unemployment down from 1982-83, but still higher than metro levels



[1]Includes discouraged workers and half of the workers employed part-time for economic reasons.
Source: Current Population Survey.

Unemployment down for most rural groups

Nonmetro teenagers, blacks, and Hispanics continued to have high unemployment in 1989

Item	Nonmetro 1988	Nonmetro 1989	Metro 1989
		Thousands	
Civilian labor force	25,409	26,209	97,660
Unemployed	1,582	1,491	5,036
		Percent	
Unemployment rate:			
All civilian workers	6.2	5.7	5.2
Adult men	5.4	4.8	4.4
Adult women	5.6	5.1	4.6
Teenagers	16.3	15.3	12.4
White	5.6	5.1	4.3
Black	12.8	12.0	11.3
Black teenagers	32.2	32.4	32.4
Hispanic	12.7	9.3	7.9
Adjusted unemployment rate [1]	10.1	9.1	7.5

[1] Unemployment rate adjusted to include discouraged workers and half of the workers employed part-time for economic reasons.
Source: Current Population Survey.

Nonmetro Job Growth in Cyclical Industries Increased During 1987

Employment growth accelerated in nonmetro manufacturing and construction as the U.S. economy expanded in 1987, but service-producing industries accounted for most new nonmetro jobs. The increase in service sector employment and a continued loss of jobs in natural resource industries reflect a basic industrial restructuring in rural America.

Employment in nonmetro goods- and service-producing industries grew faster in 1987 than during earlier years of the U.S. economic recovery that began after 1982. According to the most recent data on industrial structure released by the Bureau of Economic Analysis (BEA), employment growth in nonmetro goods-producing industries increased 1.5 percentage points to pass the growth rate for metro goods producers. Despite this gain, nonmetro goods-producing industries continued to grow less than nonmetro service-producing industries. The BEA data for 1987 indicate total nonmetro employment growth remained below the metro rate nationally. Preliminary BEA data for 1988, however, show that nonmetro areas gained employment at a rate equal to or slightly above the metro rate. The BEA data for both of these years confirm the trends in employment growth indicated by other data released earlier.

Manufacturing and construction contributed to the stronger employment growth in nonmetro goods-producing industries in 1987 (app. table 2). Farm employment increased slightly in 1987, its first gain since 1983. Mining, although continuing to decline, lost jobs less rapidly than earlier in the decade. Growth in service-producing industries, which provided over three-quarters of all new nonmetro jobs in 1987, was fueled by gains in the service group that includes hotel, business, health, and legal services.

The rate of growth in nonmetro goods- and service-producing employment accelerated in all regions except the West during 1987. The nonmetro Northeast continued to grow most rapidly, and the Midwest, which had the slowest nonmetro growth during 1982-86, expanded at rates equal to those in the South and West. The improved performance of the nonmetro Midwest during 1987 was caused partly by strong acceleration in construction and wholesale and retail trade job growth and partly by manufacturing growth which exceeded rates in all other nonmetro regions.

Manufacturing was the only nonmetro goods-producing industry in which job growth increased or remained stable in all regions. Rural manufacturing benefited from lower U.S. dollar values against foreign currencies after the mid-1980's. The weaker dollar raised import costs and lowered U.S. export prices, increasing demand for U.S. manufactured goods. The weaker dollar, the closing of inefficient plants, and the modernizing of others after the 1980 and 1981-82 recessions partly aided the recovery of labor-intensive, durable goods manufacturers concentrated in nonmetro areas.

Natural resource-based rural industries did not fare as well as manufacturing in 1987. Agricultural and mining industries have been losing employment for many years. Production methods adopted in the 1960's led to increased mechanization of agriculture and, consequently, diminished the relative importance of farm employment in many nonmetro areas. The transformation of agriculture, coupled with declines in farm exports, farm income, and farmland values in the early 1980's, caused many farmers to leave farming. The negative effects of these unfavorable economic conditions diminished by 1987, but farm employment continued to decline in the farm-oriented Midwest. Mining has yet to recover fully from the severe price declines in energy and some metals in 1981. Nonmetro mining lost almost 200,000 jobs between 1982 and 1987.

The continued loss of jobs in natural resource-based industries and the longrun growth in nonmetro service-producing industries indicate a gradual shift away from rural America's dependence on goods producers for employment. Nevertheless, goods-producing industries remain important, providing almost 35 percent of all nonmetro jobs in 1987. Nonmetro areas that continue to depend heavily on basic, cyclical industries—farming, mining, and low-tech manufacturing—will remain vulnerable to U.S. business cycles and shifts in macroeconomic conditions such as domestic interest rates and foreign exchange rates in the 1990's.

[For further information, contact Alex Majchrowicz, 202/786-1547.]

Northeast leads all nonmetro regions in job growth

Nonmetro service-producing industries outpace goods-producing industries

Region and industry	Metro 1982-86	Metro 1986-87	Nonmetro 1982-86	Nonmetro 1986-87
	Average annual percentage change			
United States	3.1	3.0	1.6	2.5
Goods-producing	1.3	.8	.2	1.7
Service-producing	3.7	3.6	2.4	2.9
Northeast	2.7	2.6	2.7	3.8
Goods-producing	.3	.3	1.0	2.8
Service-producing	3.5	3.3	3.5	4.2
Midwest	2.7	3.0	1.2	2.3
Goods-producing	1.2	.4	.1	1.5
Service-producing	3.2	3.8	1.8	2.8
South	3.3	2.8	1.5	2.4
Goods-producing	1.2	-.2	—	1.6
Service-producing	4.0	3.6	2.6	2.9
West	3.8	3.5	1.9	2.2
Goods-producing	2.8	3.0	.2	1.4
Service-producing	4.1	3.7	2.6	2.5

— = None or negligible.
Note: Appendix table 2 provides these data in greater detail.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

How nonmetro industrial employment has changed

Service industry employment grew to almost two-thirds of all nonmetro jobs by 1987

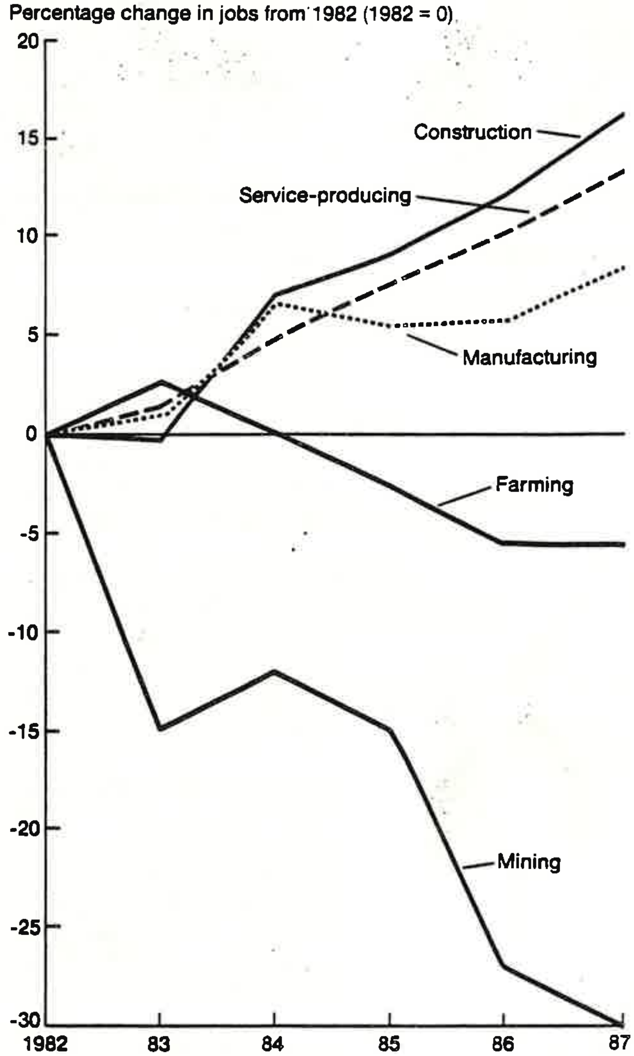
Item	1969	1979	1987
		Number	
Nonmetro jobs	19,114,718	23,754,984	25,551,822
		Percent	
Goods-producing industries	42.6	39.5	34.5
Farming[1]	15.4	12.1	10.1
Mining	1.9	2.3	1.7
Construction	4.6	5.6	5.4
Manufacturing	20.6	19.5	17.3
Service-producing industries	57.4	60.5	65.5
Transportation and public utilities	4.1	4.2	4.1
Wholesale trade	2.4	3.5	3.2
Retail trade	14.5	15.1	15.9
Finance, insurance, real estate	3.0	4.1	5.0
Services	15.2	16.6	20.4
Government	18.2	17.0	16.9

[1] Includes farming, agricultural services, forestry, and fisheries.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Nontraditional rural industries biggest gainers

Construction, service, manufacturing industries led 1980's nonmetro job growth

Percentage change in jobs from 1982 (1982 = 0)



Nonmetro Areas Lag Metro in Earnings per Job

Nonmetro earnings per job lagged metro earnings in 1987 by more than $5,600. Lower average earnings in all goods- and service-producing industries contributed to that gap.

Nonmetro earnings per job lagged metro earnings throughout the 1980's. In 1982, at the end of the most recent recession, nonmetro earnings per job averaged $16,278 (in 1987 dollars) compared with metro earnings of $21,393 per job, a gap of $5,115. Earnings per job grew less in nonmetro than in metro areas during 1982-86, increasing the gap to $5,613 by 1986. In 1987, nonmetro real earnings per job slipped in both areas, but faster in nonmetro (0.5 percent) than in metro (0.1 percent), further increasing the gap to $5,666.

Lower nonmetro earnings in all industries contribute to the overall difference. Compared with metro areas, earnings per job are particularly low in construction, manufacturing, wholesale trade, services, and finance, insurance, and real estate.

Several factors contribute to the lower real earnings per job in nonmetro industries. Within industries, higher paid, more technical occupations are generally located in metro areas. The large nonmetro-metro gaps in earnings per job in manufacturing, services, and finance, insurance, and real estate may thus be due to the concentration of higher wage administrative, managerial, and professional jobs (such as corporate lawyers and executives, specialized medical practitioners, and international bankers) in metro areas. Manufacturing plants and service industries that employ less skilled, lower wage production and service-delivery workers are more likely to be found in nonmetro areas.

Other reasons for lower nonmetro earnings per job may include a higher proportion of part-time jobs in nonmetro areas and lower nonmetro wage rates. The common belief that the cost of living in nonmetro areas is lower and the history of lower wages in many nonunionized areas of the nonmetro South probably contribute to lower nonmetro pay scales. Also, limited employment options in some nonmetro areas may allow employers to offer lower wages because they don't have to compete with other employers for workers.

Because nonmetro areas have more jobs in goods production, the gap is even smaller than it would be otherwise. Nonmetro jobs are more concentrated in manufacturing and mining, industries with higher than average earnings per job. These offset lower earnings in farming, an industry with low earnings per job, which accounts for many more nonmetro than metro jobs. Furthermore, services, another low earnings industry, accounts for many more metro than nonmetro jobs. If nonmetro jobs were industrially distributed the same as metro jobs, but maintained their earnings per job in each industry, the metro-nonmetro earnings gap would be even wider.

[For more information, contact Linda M. Ghelfi, 202/786-1547.]

Real earnings per job slid in 1986-87

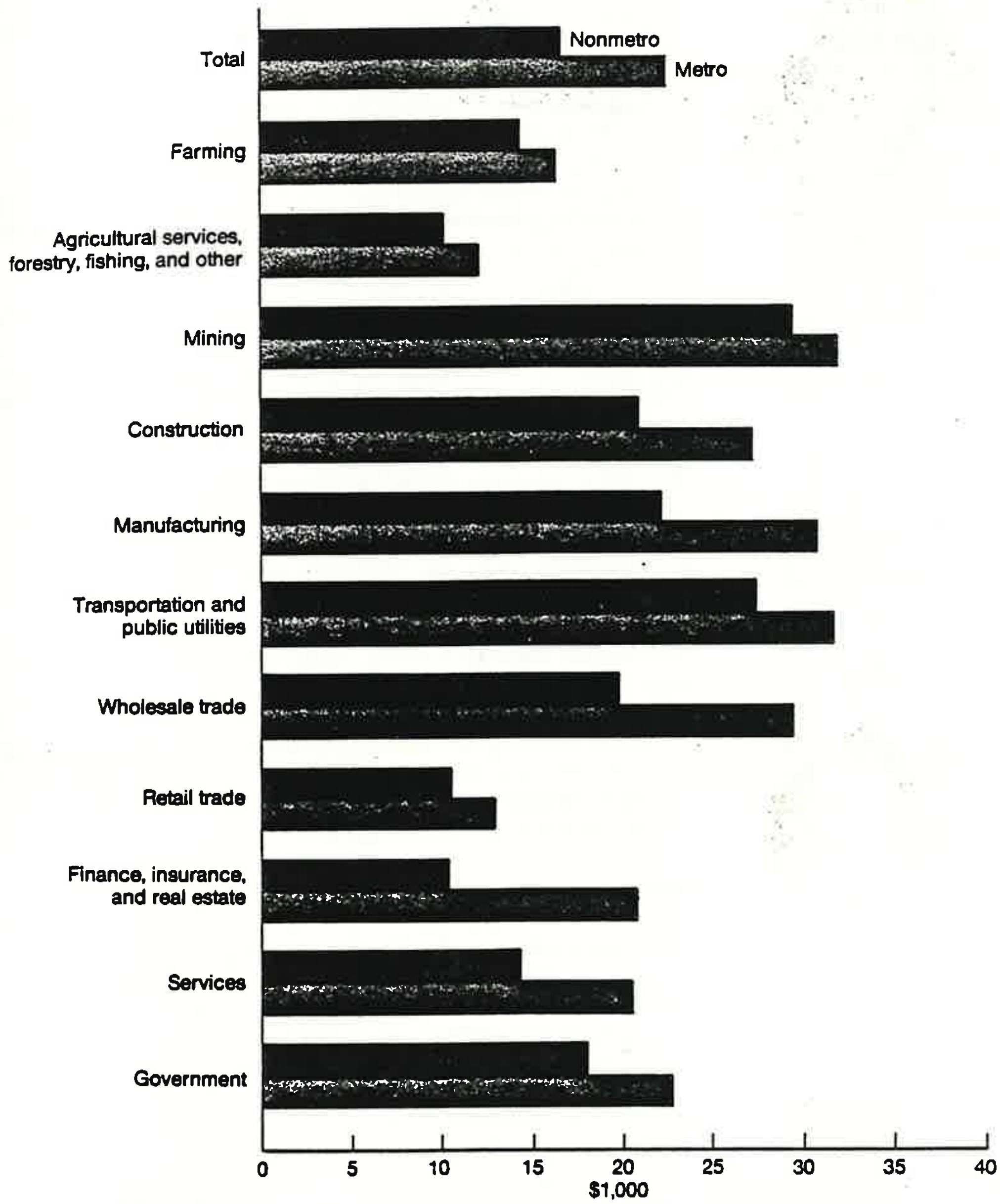
Nonmetro areas trailed metro areas by almost $6,000

Area	1982	1986	1987	Average annual change: 1982-86	1986-87	1982-87
	1987 dollars			Percent		
United States	20,346	21,342	21,304	1.2	-0.2	0.9
Nonmetro	16,278	16,823	16,738	.8	-.5	.6
Metro	21,393	22,436	22,404	1.2	-.1	.9
Metro/nonmetro earnings gap	5,115	5,613	5,666	n.a.	n.a.	n.a.

n.a. = Not applicable.
Source: Computed using data from the U.S. Department of Commerce, Bureau of Economic Analysis.

Earnings gap persists

Nonmetro earnings per job lagged metro earnings in all industries in 1987



Source: Computed using data from the U.S. Department of Commerce, Bureau of Economic Analysis.

Nonmetro Income Growth Sluggish

Nonmetro income continues to improve slowly, but a substantial gap between metro and nonmetro incomes persists. Rural blacks are especially disadvantaged.

Real per capita income in nonmetro areas has improved very slowly over the last few years, increasing from $9,347 in 1985 (1988 dollars) to $10,084 in 1988, according to the annual Current Population Survey (CPS). Much of that growth came between March 1985 and March 1986, after which it slowed.

Several factors contribute to the sluggish growth in per capita income among nonmetro residents. First, per capita income growth has stagnated nationwide. Second, low-wage, labor-intensive production and consumer services jobs tend to concentrate in nonmetro areas. Although nonmetro employment growth, which has been relatively strong since 1987, enables more residents to work, many of the new jobs are in low-wage industries and therefore probably low-skill occupations.

While a substantial metro-nonmetro income gap persists, slight improvement occurred between 1986 and 1988. During 1985-87, nonmetro per capita income was just over 72 percent of metro per capita income. Data for 1988 suggest that the metro-nonmetro per capita income gap has diminished slightly; nonmetro per capita income ($10,084) has risen to 73.5 percent of metro ($13,712).

The metro-nonmetro income differences largely reflect differences in employment opportunities. Unemployment continues to be higher, and earnings per job and wages are lower in nonmetro areas. Nonmetro areas also have fewer opportunities for year-round and full-time employment. The disproportionate share of low-wage jobs found in nonmetro areas also contributes to the income gap.

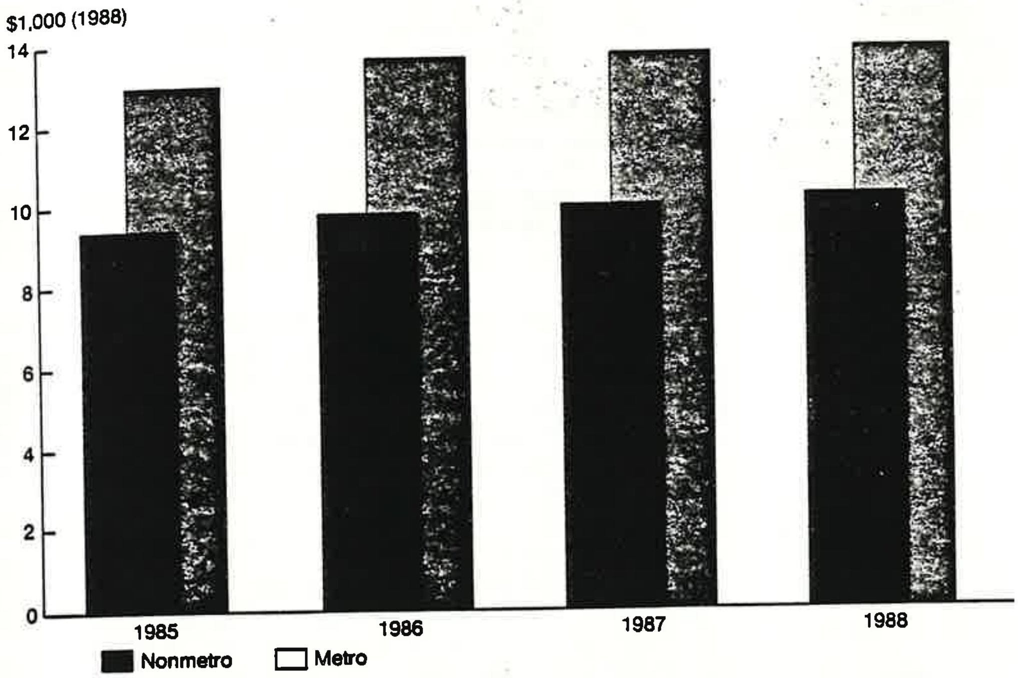
In nonmetro areas as in metro, blacks and Hispanics realize much lower per capita incomes than do whites. In 1988, nonmetro per capita income for whites, blacks, and Hispanics was $10,605, $5,698, and $6,033. The economic disadvantage in nonmetro areas reflected in the metro-nonmetro income gap is particularly pronounced for blacks. Nonmetro blacks receive only 65 percent of the per capita income of their metro counterparts. In contrast, per capita income for nonmetro whites is almost 73 percent that of metro whites, and nonmetro Hispanics receive 75 percent as much as metro Hispanics.

Nonmetro residents fare somewhat better economically than they did 4 years ago. However, the increase in per capita income has been small, and nonmetro residence continues to translate into relative economic disadvantage, particularly for blacks. This reality could be particularly detrimental to areas containing high concentrations of blacks. If past is any predictor of future, poor economic performance of nonmetro areas as measured by per capita income may encourage outmigration of the labor force to metro areas, leaving behind comparatively dependent populations and impeding economic progress.

[For further information, contact Deborah Tootle, 202/786-1547.]

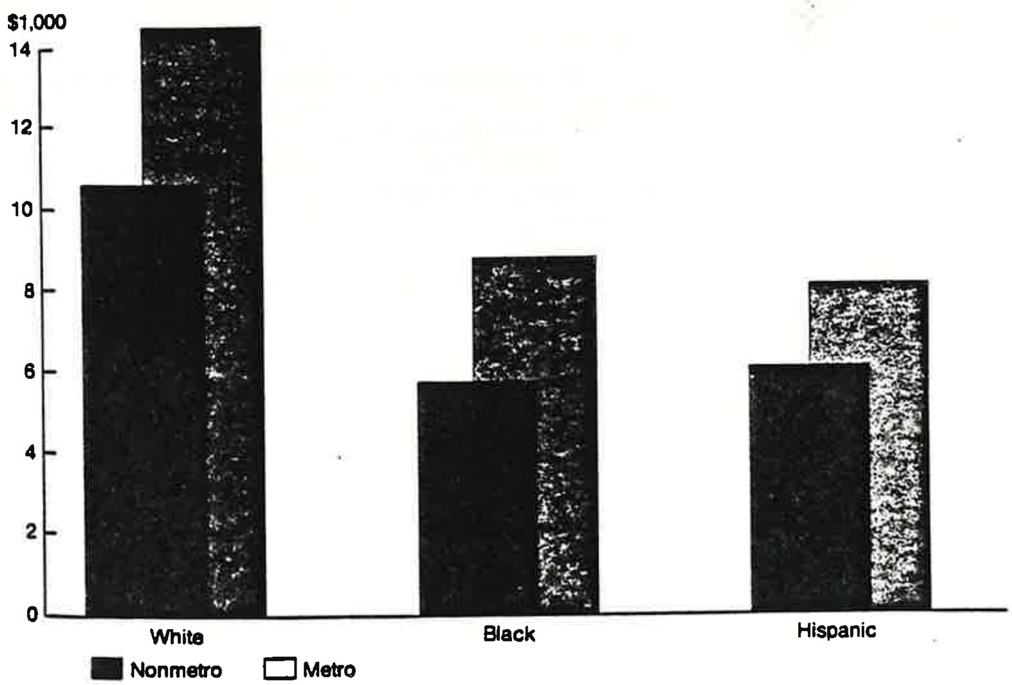
Income gap persists . . .

Per capita income up slightly, but metro residents outpace nonmetro dwellers



Along with ethnic gap

Per capita income lowest for nonmetro blacks in 1988



Poverty Severe in Nonmetro Areas

The nonmetro poverty rate fell 2 percentage points between 1986 and 1988. Despite this progress, nonmetro poverty remains higher than before the recessions of the early 1980's and higher than in metro areas.

Between 1986 and 1988, the nonmetro poverty rate fell by about 2 percentage points to 16 percent. The poverty rate in metro areas, in contrast, was more stable. Various population groups in nonmetro areas also experienced falling poverty rates. The decline, however, was not statistically significant for blacks, the elderly, and families headed by women.

One factor in the decline in the nonmetro poverty rate was the falling nonmetro unemployment rate. Nonmetro poverty appears to be more sensitive than metro poverty to fluctuations in unemployment. The nonmetro poor include proportionately more workers who escape poverty when jobs are more plentiful and wage rates rise. About two-thirds of the variation in the nonmetro poverty rate between 1973 and 1988 reflects variation in the unemployment rate. For metro areas, the corresponding figure is only 28 percent.

A falling unemployment rate would be expected to benefit "other" families, 90 percent of whom are married-couple families in nonmetro areas. Married-couple families with a husband and wife of working age generally have two potential adult workers. Even if one spouse stays home to take care of children or keep house, the other spouse is free to look for work. The number of poor other families in nonmetro areas declined by about 225,000 between 1986 and 1988. The change in the number of poor families headed by women was negligible and statistically insignificant.

The recent decline in nonmetro poverty rates does not mean that rural poverty has ceased to be a problem in rural areas. The nonmetro poverty rate remained 3.8 percentage points above the metro rate in 1988. The nonmetro poverty rate has also been consistently close to the high rate for central cities. The overall nonmetro poverty high rate was 2.3 percentage points higher in 1988 than in 1979, just before the severe recessions of the early 1980's.

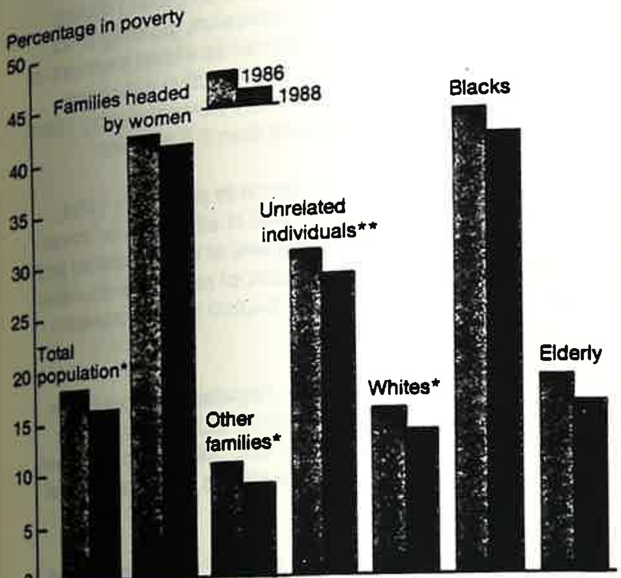
Each population group had a higher poverty rate in nonmetro than metro areas in 1988. Blacks and families headed by women had particularly high poverty rates in nonmetro areas, about 40 percent, and 28 percent of nonmetro unrelated individuals were poor in 1988. More than 30 percent of poor unrelated individuals in nonmetro areas are elderly women living alone.

The recent decline in the nonmetro poverty rate represents the first real progress against rural poverty since the recessions of the early 1980's. High unemployment during those recessions caused both metro and nonmetro poverty rates to escalate. In 1981, newly tightened eligibility requirements for welfare payments contributed to the poverty problem. Prices increased more rapidly than income during the recessions. Thus, the official poverty levels, which are adjusted by the Consumer Price Index, rose faster than income, and the portion of people with income below the poverty level increased.

[For further information, contact Robert Hoppe, 202/786-1547.]

Nonmetro poverty lower in 1988 than in 1986 . . .

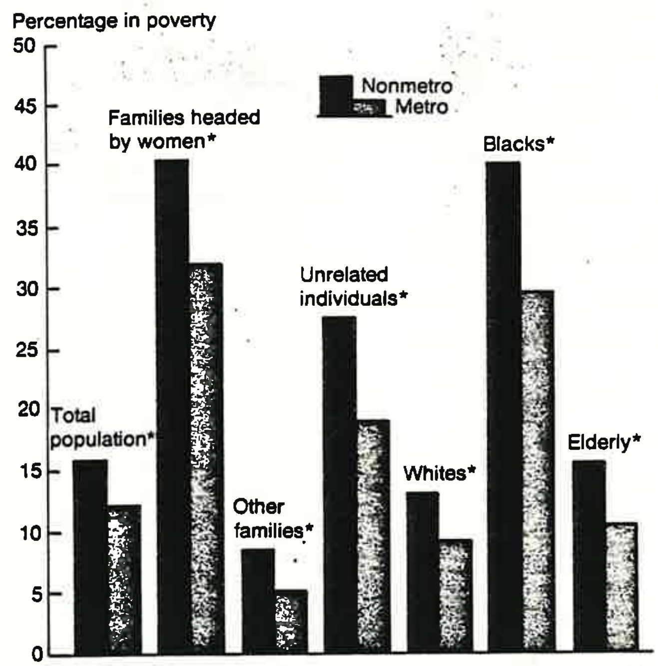
Blacks and families headed by women most likely to live in poverty



*Difference significant at the 95-percent level.
**Difference significant at the 90-percent level.
Source: Current Population Survey.

But still higher than metro poverty

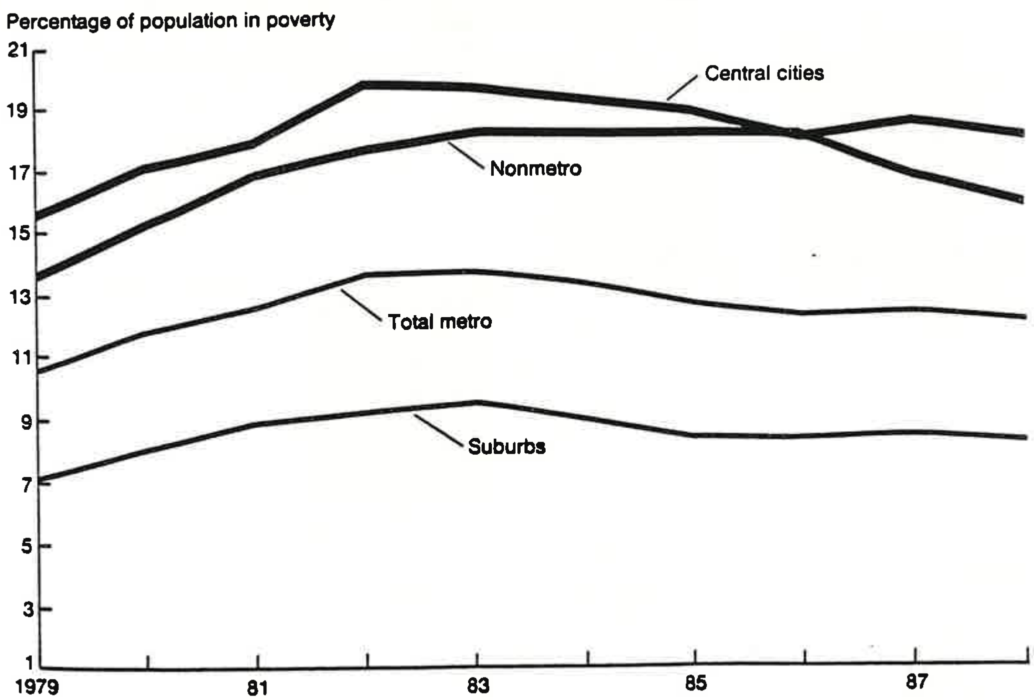
Metro-nonmetro poverty gap especially high for blacks, families headed by women, and unrelated individuals



*Difference significant at the 95-percent level.
Source: Current Population Survey.

U.S. poverty rates

Nonmetro poverty drops sharply but still high in late 1980's



Source: Current Population Survey.

Nonmetro Population Growth Improves

Nonmetro population growth began to increase in 1986, edging up slightly each year to 1988, after its steep slide in the first half of the decade. Even in this period of recovery, there was widespread variation, with counties that depend on mining and agriculture losing population and retirement counties gaining at a rate well above the national average.

Nonmetro population growth has begun a slow recovery, after declining during 1980-86. In 1980-82, nonmetro population growth slowed to 0.8 percent per year, while the metro population showed little change in its annual 1-percent growth rate.

The recession of the early 1980's slowed both metro and nonmetro population growth during 1982-84. By 1984-86, the metro population was recovering from the recession, growing at its fastest annual rates for the decade. Nonmetro growth, however, continued its slump because of lingering effects of the farm crisis and the decline in oil and mining, both extractive industries with substantial nonmetro employment. Metro areas grew at more than 2.5 percent during 1984-86, but nonmetro areas, at their lowest point of the 1980's, grew by less than 0.5 percent.

According to recent data, however, the nonmetro population growth began to pick up in 1986, reaching a growth rate of 0.8 percent for 1986-88. Slightly more than half of all nonmetro counties declined in these 2 years, but those counties contained only 40 percent of the nonmetro population and collectively lost an estimated 486,000 people. Twenty percent of nonmetro counties grew faster than the national rate of 1.9 percent, adding an estimated 764,000 to the nonmetro population between 1986 and 1988.

The regions with the greatest loss during 1986-88 were in the southern Appalachian coal fields and southern Great Plains. Each lost both metro and nonmetro population, with the nonmetro populations declining more rapidly. Both regions depend on agriculture and mining employment. Nonmetro counties that earned 20 percent or more of their income from mining lost 3 percent of their total population during 1986-88.

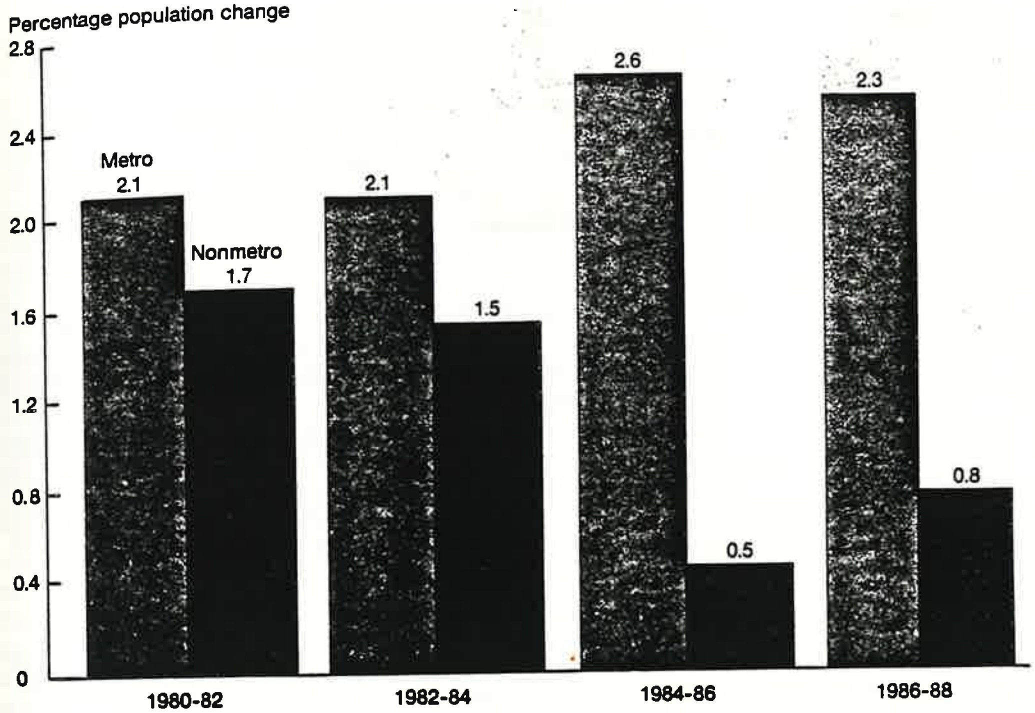
The fastest growing nonmetro counties during 1986-88 were in Florida and the Southwest. The nonmetro parts of both these areas grew at more than five times the national rate. These counties tend to be adjacent to metro areas, and many are retirement destinations. Nonmetro counties considered to be retirement areas are scattered throughout the United States and, as a whole, grew by more than 3 percent in the same period.

Whether the recent recovery in nonmetro growth continues will depend largely on the economies of the more isolated nonmetro counties. Counties not adjacent to a metro area rely heavily on manufacturing, agriculture, and extractive industries for the health of their local economy. Nonmetro counties adjacent to metro areas have access to metro employment opportunities and are growing at a faster rate than nonadjacent counties. However, adjacent counties' growth and their reliance on metro employment increase the likelihood that some of them will be redefined as suburban metro counties after the 1990 Census.

[For further information, contact Margaret Butler or Linda Swanson, 202/786-1534.]

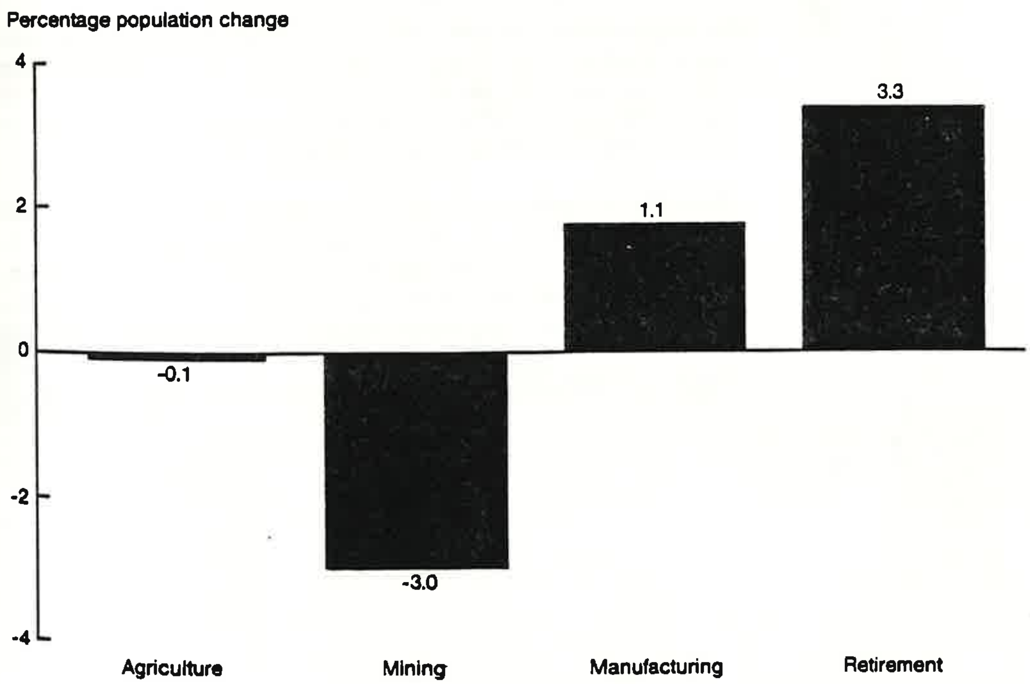
Nonmetro population growth rate up

Nonmetro growth rates have begun to recover slightly after sharp downward trend in mid-1980's



Local economy drives population change

Retirement-destination nonmetro counties grew most during 1986-88



Nonmetro Areas With Urban Settings Remain Attractive in the 1980's

People moved out of remote nonmetro counties at an increasing rate as the 1980's progressed. However, during 1986-88, counties near metro areas became even more attractive to migrants. Nonmetro retirement counties continue to have the highest gain from net migration of any type of county in the Nation.

A prolonged period of net outmigration for the nonmetro United States began in 1983 and continued into 1988, the last year for which county migration data are available. During 1983-88, nonmetro counties averaged a 0.1-percent loss each year due to net outmigration. This loss was a product of outmigration from more remote nonmetro counties, offset to a significant extent by inmigration to nonmetro counties next to metro areas.

The more remote counties lost more than 1 percent of their population to migration between 1986 and 1988. Nonmetro counties adjacent to metro areas, however, attracted more migrants than they lost throughout the decade, rising to 0.6 percent during 1986-88.

The expressed desire for a rural setting in which to live and raise children, held as one of the reasons for the "rural renaissance" of the 1970's, may not have entirely disappeared in the 1980's. Among nonmetro counties adjacent to metro areas, those least densely settled (no places over 2,500 in population) had a numerical net gain of migrants nearly equal to that of more densely settled counties. Because rural counties have a relatively small population base, the movement of people into sparsely settled counties resulted in a net migration rate three times as high, at 1.5 percent, as the rate of densely settled counties.

One reason for the net loss in many nonadjacent counties is their economy. An almost solid block of nonmetro counties with net outmigration runs from north to south in mid-America, where only scattered cities offer alternate sources of employment to shrinking employment in the traditional resource-oriented rural industries. The northern Great Plains depends on agriculture and ranching, and the economies of Montana, Idaho, and Wyoming revolve around agriculture, mining, and timber. Counties from the southern Great Plains to west Texas rely heavily on agriculture and mining, including oil extraction.

Retirement and recreation areas generally found in scenic and warm regions continue to attract migrants. Their success in attracting migrants spurred growth along the Pacific coast, in the Southwest and Florida, and in the Ozarks, Blue Ridge, and Smoky Mountains.

Although nonmetro counties continue to lose population through outmigration, the rate is quickly approaching zero, according to recent sample data for migration from March 1988 to March 1989. The rate of net migration loss remains highest for young adults age 20-24. That nonmetro areas gained more migrants age 55 and over than they lost confirms the fact that many Americans still favor rural areas as places to retire.

Rates of net outmigration for nonmetro areas were higher in the 1980's for people with more education. In 1988-89, for the first time since mid-decade, more adults (age 25-64) with a high school education or less moved into nonmetro areas than moved out. The rate of loss slowed only slightly among the college-educated, indicating that the difficulty nonmetro areas have had in attracting and retaining highly educated people persists.

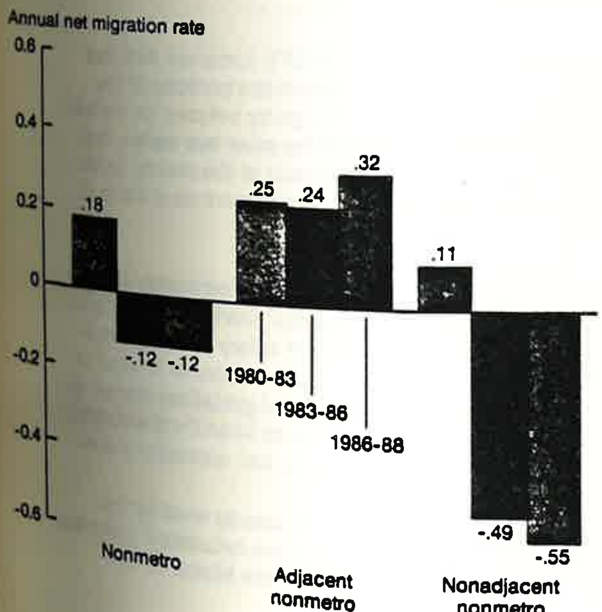
[For further information, contact Linda Swanson or Margaret Butler, 202/786-1534.]

Nonmetro losses from migration widespread

Nonmetro counties in heartland were especially hard hit by residents moving away

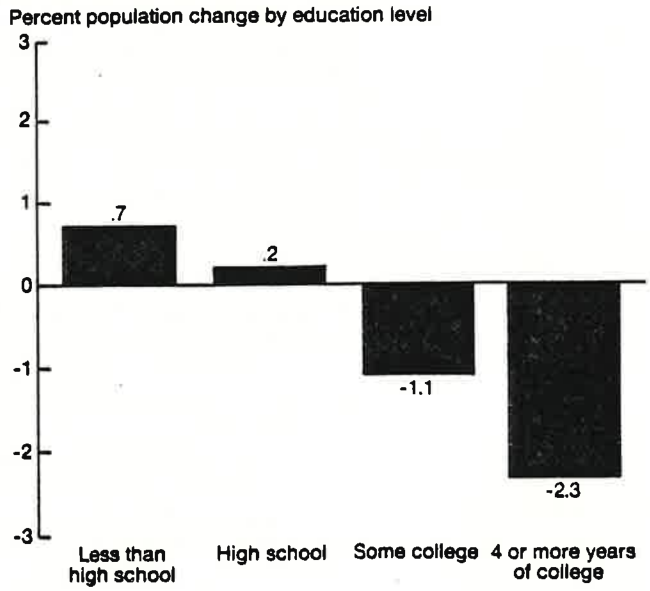
Movement out of nonmetro counties continues

Nonmetro net migration loss since 1983 has been driven by diminishing popularity of remote areas



Nonmetro areas lose better educated people

Nonmetro areas attracted adults with a high school education or less during 1988-89, but lost those with college education



Assessing the changing conditions and trends in rural America is complicated by the need to use a variety of data sources for monitoring demographic and economic patterns. Because different sources of data are intended for different purposes and employ different definitions and collection methods, they sometimes produce contradictory statistics and may lead to different interpretations. Describing rural conditions, therefore, necessitates piecing together general trends from many sources of information.

Macroeconomic Conditions

The economic indicators used to monitor macroeconomic changes in the U.S. economy are derived from Federal sources. Measures of inflation, including the Consumer and Producer Price Indexes, and employment and unemployment data are developed by the U.S. Department of Labor's Bureau of Labor Statistics (BLS). National income and product account information on capital investment, gross national product, and net exports is produced by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Information relating to monetary policy, including changes in interest rates and foreign exchange rates, and data on industrial production are furnished by the Federal Reserve Board of Governors.

Employment and Earnings

Data on nonmetro employment, unemployment, and earnings come from three sources. The monthly Current Population Survey (CPS), conducted by the Bureau of the Census for the U.S. Department of Labor, provides detailed information on the labor force, employment, unemployment, and demographic characteristics of the metro and nonmetro population. The CPS derives estimates based on a national sample of about 58,000 households that are representative of the U.S. civilian noninstitutional population 16 years of age and over. Labor force information is based on respondents' activity during 1 week each month.

BLS county-level employment data are taken from unemployment insurance claims and State surveys of establishment payrolls which are then benchmarked to State totals from the CPS. Thus, at the national and State levels, annual average BLS and CPS estimates are the same. The BLS data series provides monthly estimates of labor force, employment, and unemployment for individual counties.

The BEA employment data, unlike the household data collected by the CPS and BLS, provide establishment data on the number of jobs rather than the number of workers. The BEA data are taken primarily from administrative reports filed by employers covered under unemployment insurance laws and from information obtained from the Internal Revenue Service and the Social Security Administration. Thus, jobs and earnings for these jobs are counted at the place of work and are based on a virtual universal count rather than a sample. The BEA data provide detailed information on the number and type of jobs, earnings by industry, and sources and amounts of income at the county level. A shortcoming of the BEA data is the 2-year lag between when they are collected and when they are available for analysis.

Each of these data sets has its advantages and disadvantages. The CPS furnishes detailed employment, unemployment, and demographic data for metro and nonmetro portions of the Nation. The BEA provides estimates of the number of jobs and earnings by industry for individual county areas. BLS provides less detailed employment data than the other two series, but offers very current and timely employment and unemployment information at the county level. While these data sources are likely to provide different estimates of employment conditions at any point in time, they generally indicate similar trends.

Income and Poverty

Each March, supplemental questions are added to the CPS to obtain information on money income and poverty status of families and persons in the United States during the previous year. Data are collected for the amount and sources of income, including wage and salary earnings, self-employment income, and transfer payments. Information on family size and income is used to estimate the number of families and individuals in poverty based on official guidelines issued by the Office of Management and Budget. Demographic data are available to examine the distribution of income and the characteristics of the poverty populations in metro and nonmetro areas.

Population Growth and Migration

Population counts, births, deaths, and net migration are estimated at the county level by the Bureau of the Census. Rates of population change and of net migration are calculated using this county estimates data series. Characteristics of migrants are drawn from the March CPS.

Adjacent and nonadjacent nonmetro counties: Nonmetro counties that are physically adjacent to one or more metro areas and have at least 2 percent of the employed labor force commuting to work in a central metro county. All other nonmetro counties are classified as nonadjacent.

Adjusted unemployment rate: The number of unemployed people, discouraged workers who have given up looking for work, and half of the workers who work part-time but want full-time work as a percentage of the civilian labor force plus discouraged workers.

Consumer Price Index (CPI): A measure of the average price level of a basket of consumer goods and services at the retail level for a specific period compared against a benchmark period.

County type classification: A USDA classification of nonmetro counties by principal economic activity or demographic base, such as farming-, manufacturing-, or mining-dependent, persistent poverty, or retirement destination, among others.

Earnings: The sum of wages and salaries, other labor income, and proprietor's income. Wages and salaries include commissions, tips, bonuses, and in-kind payments that represent income to the employee. Wages and salaries are measured before deductions such as Social Security contributions and union dues. Other labor income consists primarily of employer contributions to private pension and welfare funds, including privately administered workers' compensation funds.

Family: Two or more people residing together who are related by birth, marriage, or adoption.

Foreign exchange rate: The rate at which one currency is traded for another. The Federal Reserve publishes a measure of the overall U.S foreign exchange rate based on the rates of the 10 major U.S. trading partners.

Goods-producing Industries: Farming, mining, construction, manufacturing, and the combined category of agricultural services, forestry, fishing, and other industries.

Gross national product (GNP): The dollar amount of final goods and services produced by the United States. GNP is the sum of consumer spending, Federal Government purchases of goods and services, business investment, and exports less the amount of imports. This statistic is reported quarterly but is revised in each of the 2 months following the initial release. Nominal GNP measures final goods and services at current prices. Real GNP measures final goods and services at 1982 prices to adjust for inflation.

Income: The sum of the amounts of money received from (1) money wages or salary; (2) nonfarm self-employment; (3) farm self-employment; (4) Social Security or railroad retirement; (5) Supplemental Security Income; (6) public assistance or welfare payments; (7) interest, dividends, and rental; (8) veterans payments or unemployment and workers' compensation; (9) private or government employee pensions; or (10) alimony, child support, and other periodic income.

Inflation rate: The percentage change in a measure of the average price level. Changes are reported on a monthly basis and are stated as annual rates for longer term comparisons. The two major measures of the average price level are the Consumer and Producer Price Indexes.

Labor force participation rate: The civilian labor force as a percentage of the civilian noninstitutional population 16 years and older.

Metro areas: Metropolitan Statistical Areas (MSA's), as defined by the Office of Management and Budget, include core counties containing a city of 50,000 or more people or containing several smaller cities totaling 50,000 or more people and a total area population of at least 100,000. Additional contiguous counties are included in the MSA if they are economically and socially integrated with the core county. Metro areas are divided into central cities and areas outside central cities (suburbs). Throughout this publication, urban and metro have been used interchangeably to refer to people or places within MSA's.

Net migration: The number of people who moved into an area minus the number of people who moved out of that area over a given period of time. Net outmigration indicates that more people moved out than in. Net inmigration means that an area gained more migrants than it lost.

Nonmetro areas: Counties outside of metro area boundaries. Throughout this publication, rural and nonmetro are used interchangeably to refer to people and places outside of MSA's.

Per capita income: The mean, or average, income available to every man, woman, and child in a particular group. It is computed by dividing total income of the group by the population in that group.

Poverty: A person is in poverty if his or her family's money income is below the official poverty threshold appropriate for the size and type of family. Different thresholds exist for elderly and nonelderly unrelated individuals, for two-person families with and without elderly heads, and for families of different sizes and numbers of children. The poverty threshold for a family of four was $12,092 in 1988. The thresholds are adjusted annually by the Consumer Price Index to reflect inflation.

Producer Price Index for finished goods (PPI): A measure of average producer prices of finished goods underlying the retail prices for a specific period compared against a benchmark period.

Real earnings: The value of earnings adjusted to reflect price changes. Earnings in 1982 and 1986 were adjusted using the implicit price deflator for personal consumption expenditures to reflect their value as of 1987. With the deflator valued at 100 for 1987, the deflators for 1982 and 1986 were 83.7 and 95.6.

Rural-urban continuum code: A 10-part classification scheme that distinguishes metro counties by size and nonmetro counties by degree of urbanization and proximity to a metro area.

Service-producing industries: Transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; services (including hotel, business, health, legal, and other services); and Federal, State, and local government and government enterprises.

Unrelated individuals: People who do not live with relatives. An unrelated individual may live alone, with nonrelatives, or in group quarters with no relatives. Lodgers or resident employees with no relatives in the household are also unrelated individuals. (Inmates of institutions are not classified as unrelated individuals.)

Unemployment rate: The number of unemployed people as a percentage of the civilian labor force.

Appendix table 1—Nonmetro and metro employment statistics: Annual averages

Year	Labor force	Labor force participation rate	Employment	Unemployment	Unemployment rate	Adjusted unemployment rate [1]
	Thousands	Percent	Thousands	Thousands	Percent	Percent
Nonmetro:						
1989	26,209	63.2	24,718	1,491	5.7	9.1
1988	25,409	62.4	23,827	1,582	6.2	10.1
1987	25,101	62.1	23,302	1,799	7.2	11.3
1986	25,171	61.9	23,091	2,080	8.3	12.8
1985	24,781	61.2	22,700	2,081	8.4	13.0
1984	34,725	62.1	31,930	2,796	8.1	12.2
1983	34,156	61.8	30,696	3,460	10.1	14.9
1982	33,740	61.7	30,335	3,405	10.1	14.9
1981	33,092	61.9	30,488	2,603	7.9	11.5
1980	32,512	61.7	30,150	2,362	7.3	10.7
1979	31,716	61.5	29,916	1,800	5.7	8.5
1978	31,682	61.5	29,844	1,837	5.8	8.8
1977	30,307	60.5	28,317	1,990	6.6	9.8
1976	29,190	59.6	27,150	2,040	7.0	10.2
1975	28,386	59.2	26,126	2,260	8.0	11.6
Metro:						
1989	97,660	67.4	92,624	5,036	5.2	7.5
1988	96,260	66.9	91,141	5,119	5.3	7.9
1987	94,764	66.6	89,138	5,625	5.9	8.7
1986	92,665	66.2	86,508	6,157	6.6	9.5
1985	90,684	65.9	84,453	6,231	6.9	9.9
1984	78,819	65.4	73,076	5,743	7.3	10.4
1983	77,394	65.1	70,137	7,257	9.4	13.1
1982	76,465	65.1	69,192	7,273	9.5	13.1
1981	73,301	64.9	67,825	5,476	7.5	10.3
1980	72,207	64.8	67,120	5,087	7.0	9.5
1979	71,192	64.7	67,029	4,163	5.8	8.0
1978	68,738	64.0	64,529	4,210	6.1	8.4
1977	67,094	63.1	62,229	4,866	7.3	9.8
1976	65,584	62.5	60,335	5,248	8.0	10.6
1975	64,227	62.1	58,657	5,570	8.7	11.5

Note: Beginning in 1985, estimation procedures for the Current Population Survey are based on the 1980 Census.
[1] Unemployment rate adjusted to include discouraged workers and half of the workers employed part-time for economic reasons.
Source: Bureau of the Census, Current Population Survey.

Appendix table 2— Employment by industry and region

Region and industry	Total 1982-86	Total 1986-87	Metro 1982-86	Metro 1986-87	Nonmetro 1982-86	Nonmetro 1986-87
	Average annual percentage change					
United States	2.8	2.9	3.1	3.0	1.6	2.4
Goods-producing industries	1.0	1.0	1.3	.8	.2	1.7
Farming [1]	-.3	1.2	1.3	2.4	-1.5	2
Mining	-6.5	-5.7	-5.7	-6.2	-7.6	-5.1
Construction	5.8	3.6	6.6	3.6	2.9	3.7
Manufacturing	.3	.4	—	-.2	1.4	2.4
Service-producing industries	3.5	3.5	3.7	3.6	2.4	2.3
Transportation and public utilities	1.4	2.8	1.5	3.0	.8	2.2
Wholesale trade	1.9	1.8	2.3	1.9	-.6	1.3
Retail trade	3.4	2.7	3.6	2.7	2.3	2.7
Finance, insurance, real estate	5.3	3.2	5.5	3.5	4.6	1.5
Services [2]	5.1	5.5	5.3	5.6	3.9	5.0
Government	1.5	1.8	1.5	1.9	1.2	1.6
Northeast	2.7	2.8	2.7	2.6	2.7	3.8
Goods-producing industries	.4	.6	.3	.3	1.0	2.8
Farming [1]	1.6	2.4	2.5	3.0	-.2	1.1
Mining	-3.5	-3.9	-2.0	-3.6	-5.7	-4.4
Construction	8.3	7.9	8.1	7.5	9.5	11.1
Manufacturing	-1.5	-1.7	-1.6	-2.0	-.4	1.0
Service-producing industries	3.5	3.4	3.5	3.3	3.5	4.2
Transportation and public utilities	1.0	3.0	.9	2.8	1.9	5.5
Wholesale trade	2.4	2.6	2.5	2.6	1.6	2.6
Retail trade	3.6	2.2	3.6	2.0	4.1	4.0
Finance, insurance, real estate	4.7	4.8	4.7	4.8	6.0	3.7
Services [2]	4.9	4.7	4.9	4.7	4.6	5.4
Government	1.2	1.7	1.2	1.6	1.2	2.6
Midwest	2.3	2.8	2.7	3.0	1.2	2.3
Goods-producing industries	.8	.8	1.2	.4	.1	1.5
Farming [1]	-.9	-.8	.7	.2	-1.5	-1.1
Mining	-3.6	-3.7	-1.7	-2.8	-4.6	-4.2
Construction	4.3	6.1	6.0	6.6	.3	4.9
Manufacturing	.6	—	.3	-.9	1.9	3.2
Service-producing industries	2.9	3.6	3.2	3.8	1.8	2.8
Transportation and public utilities	1.4	3.1	1.5	3.4	.9	2.2
Wholesale trade	1.1	2.7	1.8	3.1	-1.4	.9
Retail trade	2.5	3.5	3.0	3.8	1.0	2.5
Finance, insurance, real estate	3.7	3.2	3.9	3.7	3.2	1.0
Services [2]	4.6	5.1	4.9	5.2	3.4	4.8
Government	1.3	-1.6	1.3	1.6	1.3	1.5

—Continued

See footnotes at end of table.

Appendix table 2— Employment by industry and region—Continued

Region and industry	Total 1982-86	Total 1986-87	Metro 1982-86	Metro 1986-87	Nonmetro 1982-86	Nonmetro 1986-87
	Average annual percentage change					
South	2.9	2.7	3.3	2.8	1.5	2.4
Goods-producing industries	.8	.5	1.2	-.2	—	1.6
Farming [1]	-1.1	1.1	.8	1.8	-2.2	.6
Mining	-7.2	-7.3	-6.6	-7.9	-8.1	-6.5
Construction	4.9	.5	5.3	-.2	3.6	2.8
Manufacturing	.7	1.1	.3	.3	1.4	2.6
Service-producing industries	3.7	3.5	4.0	3.6	2.6	2.9
Transportation and public utilities	1.5	3.2	1.6	3.5	.9	2.5
Wholesale trade	1.4	1.1	1.7	1.2	-.2	1.0
Retail trade	3.9	2.8	4.2	2.7	3.0	2.9
Finance, insurance, real estate	6.3	2.5	6.5	2.6	5.3	1.6
Services [2]	5.4	5.9	5.8	6.1	3.9	5.2
Government	1.5	1.9	1.6	2.1	1.0	1.4
West	3.5	3.3	3.8	3.5	1.9	2.2
Goods-producing industries	2.3	2.8	2.8	3.0	.2	1.4
Farming [1]	1.2	3.6	1.7	4.2	.3	2.6
Mining	-7.5	-2.5	-5.7	-2.9	-9.4	-2.2
Construction	6.9	3.1	8.0	3.8	1.5	-1.0
Manufacturing	1.7	2.7	1.5	2.7	2.7	2.5
Service-producing industries	3.9	3.5	4.1	3.7	2.6	2.5
Transportaion and public utilities	1.7	1.7	2.1	2.0	-.1	-.1
Wholesale trade	3.2	1.1	3.6	.9	-.9	2.5
Retail trade	3.3	2.3	3.5	2.4	2.0	1.7
Finance, insurance, real estate	6.2	2.8	6.4	3.0	4.8	.9
Services [2]	5.6	6.1	5.7	6.3	4.4	4.8
Government	1.7	2.0	1.7	2.1	1.7	1.7

— = None or negligible.
[1] Includes farming, agricultural services, forestry, and fisheries.
[2] Includes hotel, business, health, legal, and other services.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.