The economy ........
- Recent changes
- Drivers of change
- Winners and losers
- Adaptation to change

How has the regional economy changed?
- Goods Production
- Services
- Non-Labor income

US Jobs

100% of net new jobs in "services"
The West: Personal Income

- Services and Professional
- Government
- Manufacturing (incl. forest products)
- Mining
- Agriculture (incl. ranching)
- Wood products (incl. paper products)
- Construction
- Farm and Ag. Services
- Non-Labor Sources (investments, retirement, etc.)


- The rest of the economy 98%
- Agriculture (incl. ranching) 0.74%
- Wood products (incl. paper products) 0.52%
- Agriculture (incl. ranching) 0.74%
- Wood products (incl. paper products) 0.52%

The Economy of the Rural West......

- Rural West: Personal Income
- Agriculture (incl. ranching) 0.74%
- Wood products (incl. paper products) 0.52%
- Agriculture (incl. ranching) 0.74%
- Wood products (incl. paper products) 0.52%
The rest of the economy 92%

Wood products (incl. paper products) 1.8%
Agriculture (incl. ranching) 2%
Mining (incl. energy development) 0.4%

What are the drivers of change?
Changing nature of goods production
International Competition
Aging population
Emphasis on services / information

Percent of Population 65 and Over

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>4%</td>
</tr>
<tr>
<td>1950</td>
<td>8.1%</td>
</tr>
<tr>
<td>2000</td>
<td>13%</td>
</tr>
<tr>
<td>2050 (projected)</td>
<td>21.8%</td>
</tr>
</tbody>
</table>

By 1983 more Americans over 65 than the number of teenagers (no longer a nation of youths)

What’s next? One third of Americans were born between 1946 and 1964 – the BABY BOOMERS

Source: Ken Dychtwald “Age Wave”
The West -- Personal Income, 2000

Agriculture $14 billion
Mining, Oil, & Gas $10 billion
Lumber, wood, paper (est.) $14 billion

Examples of “services” $38 billion
Consumer Services $86 billion
Health Services $94 billion
Producer Services $362 billion

= $1 billion  Producer Services = $2 billion  Retirement = $2.3 billion
What are “producer services?”

Relatively high-wage “knowledge-based industries” …

Finance, insurance, real estate, business services, engineering, management services, etc.

Who wins and who loses?

Connected to markets
Educated
Isolated
Resource dependent

From 1990 to 2003, real wages in the counties where over 50 percent of the jobs require a college degree grew by 28 percent, compared to 7 percent growth for those counties where less than 50 percent of the jobs required a college degree.

Today less than five percent of the counties in the West (20 out of 411 counties) have more than 20 percent of their job base in either timber, mining or energy development (including oil, gas and coal).
Income growth and above average dependence on:

- **Producer Services** (engineering, finance, etc.)
- Consumer
- Retail
- Wholesale
- Government
- Distributive
- Social
- Transformative (mining, logging, manufacturing, etc.)

**Counties that are more than average dependent on “producer services” grow the fastest**

**...... dependent on “transformative” grow the slowest**

Source: Prosperity in the 21st Century West. Rasker et al.

---

**Adaptation to change?**

How has the West’s competitive advantage evolved?
And how as the role of public lands changed?

---

**Economic Profile System (EPS)**

www.HeadwatersEconomics.org