

Sequoia National Forest

Know Your Social and Economic Situation Workshop

October 15, 2008
Visalia, California

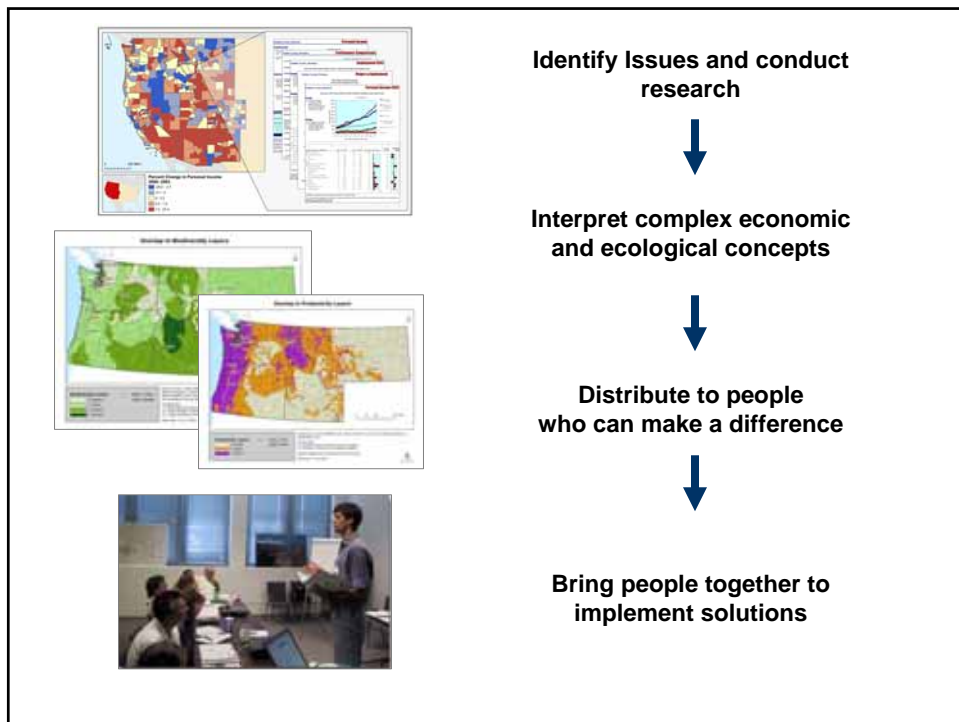
Ben Alexander - Jeff van den Noort - Ray Rasker

Headwaters Economics

www.headwaterseconomics.org



Mission: Improve community development and
land management decisions in the West.



The Economy of the West....

- **Recent changes**
- **Drivers of change**
- **Winners and losers**
- **Protected lands**
- **Adapting to change**

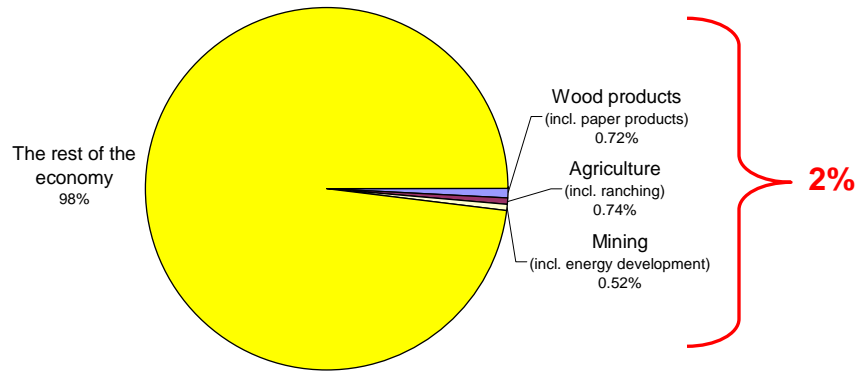
■ **How has the regional economy changed?**

Goods Production

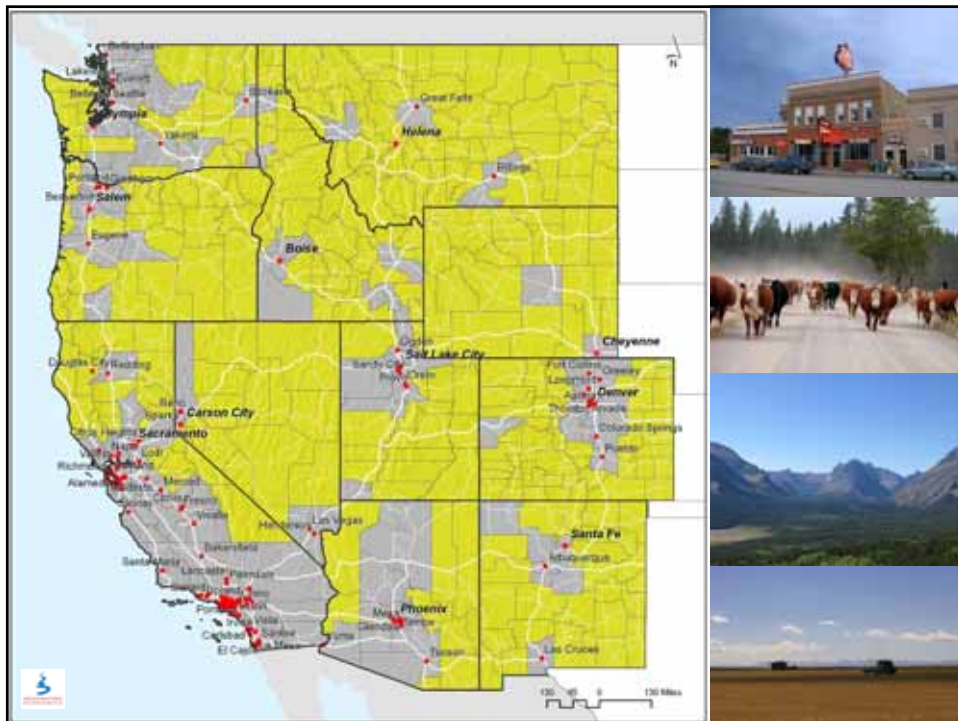
Services

Non-Labor income

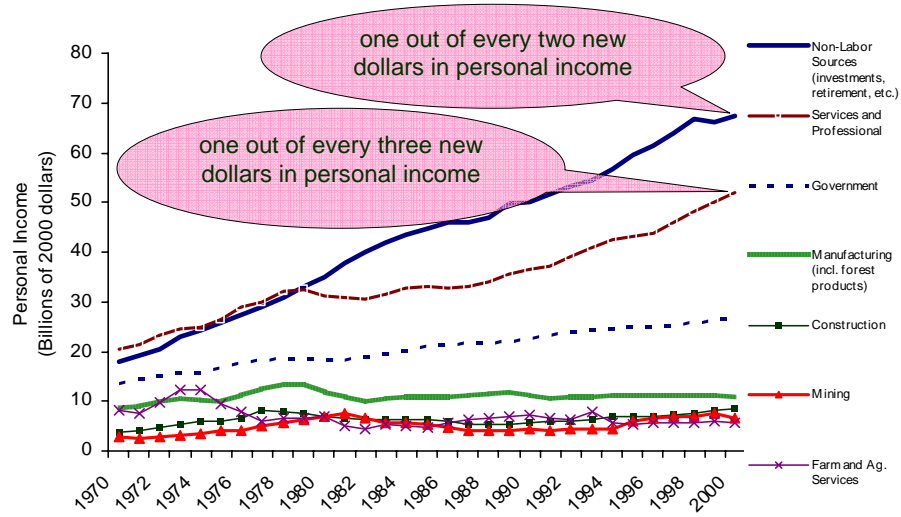
The West: Personal Income (2004)



Source: BEA REIS

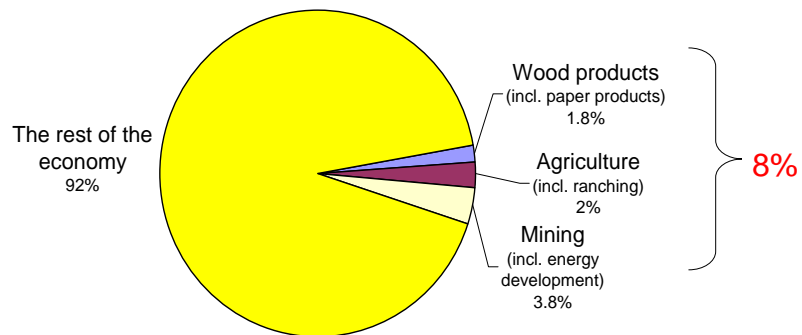


Rural West: Personal Income

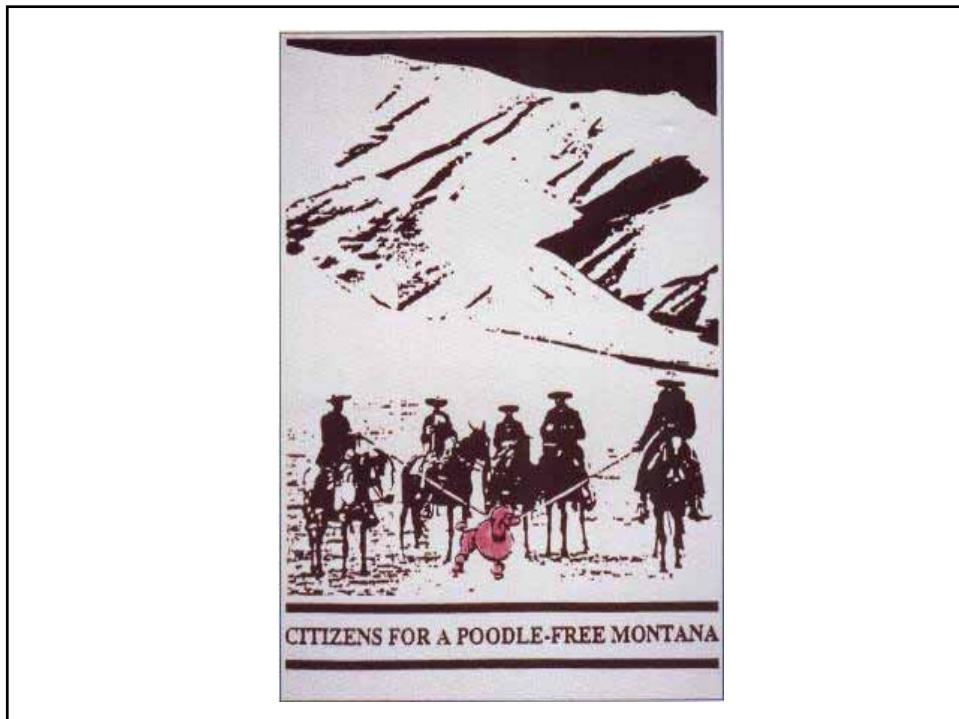


Source: BEA REIS

Rural West: Personal Income (2004)



Source: BEA REIS



■ What are the drivers of change?

Changing nature of goods production

International Competition

Aging population

Emphasis on services / information

Manufacturing



Services



Global Assembly Line



Percent of Population 65 and Over

1900	4%
1950	8.1%
2000	13%
2050 (projected)	21.8%

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**

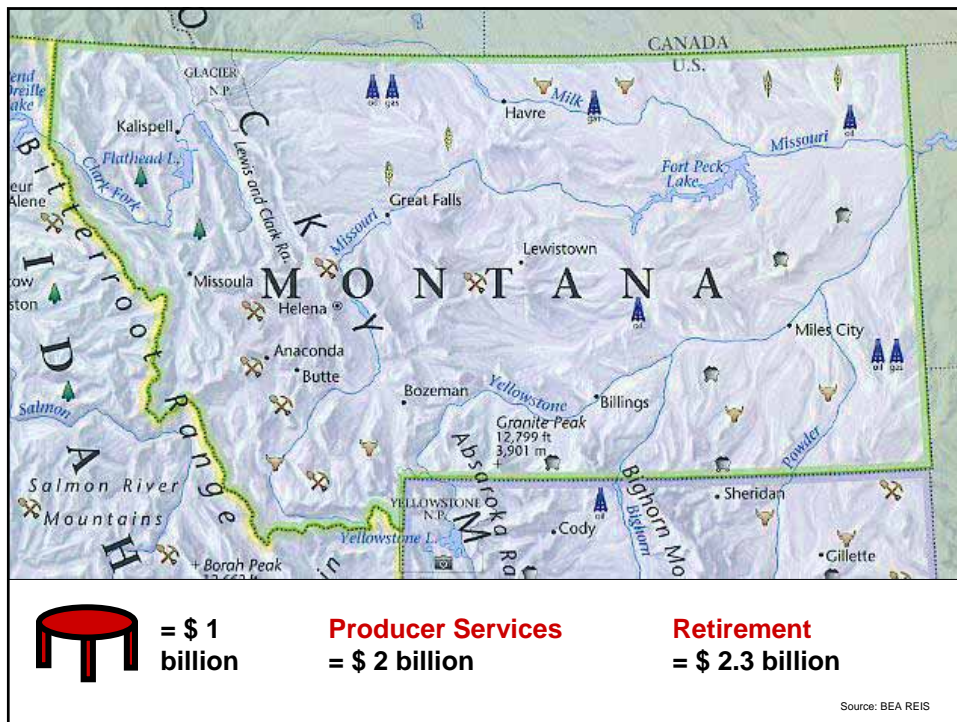
Source: Ken Dychtwald "Age Wave"



The West -- Personal Income, 2000

Agriculture	\$14 billion
Mining, Oil, & Gas	\$10 billion
Lumber, wood, paper (est.)	\$14 billion
	<hr/>
	\$ 38 billion
<u>Examples of "services"</u>	
Consumer Services	\$86 billion
Health Services	\$94 billion
Producer Services	\$362 billion

Source: BEA REIS



What are “producer services?”

Relatively high-wage “knowledge-based industries” ...

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

Wages and Employment in the West, 2003			
(Private Sector Only)			
	Employment	% of Total	Average Annual Wages
Total, all industries	22,942,965	100%	38,612
Goods-Producing	4,920,886	21%	43,552
Natural Resources and Mining	692,714	3%	26,002
Construction	1,625,303	7%	39,507
Manufacturing	2,602,869	11%	50,749
Service-Providing	18,022,080	79%	37,262
Trade, Transportation, and Utilities	5,128,818	22%	34,291
Information	812,313	4%	70,052
Financial Activities	1,638,252	7%	54,999
Professional and Business Services	3,613,832	16%	45,948
Education and Health Services	2,822,678	12%	36,455
Leisure and Hospitality	2,891,992	13%	18,487
Other Services	1,058,758	5%	22,894
Unclassified	55,439	0.2%	36,398

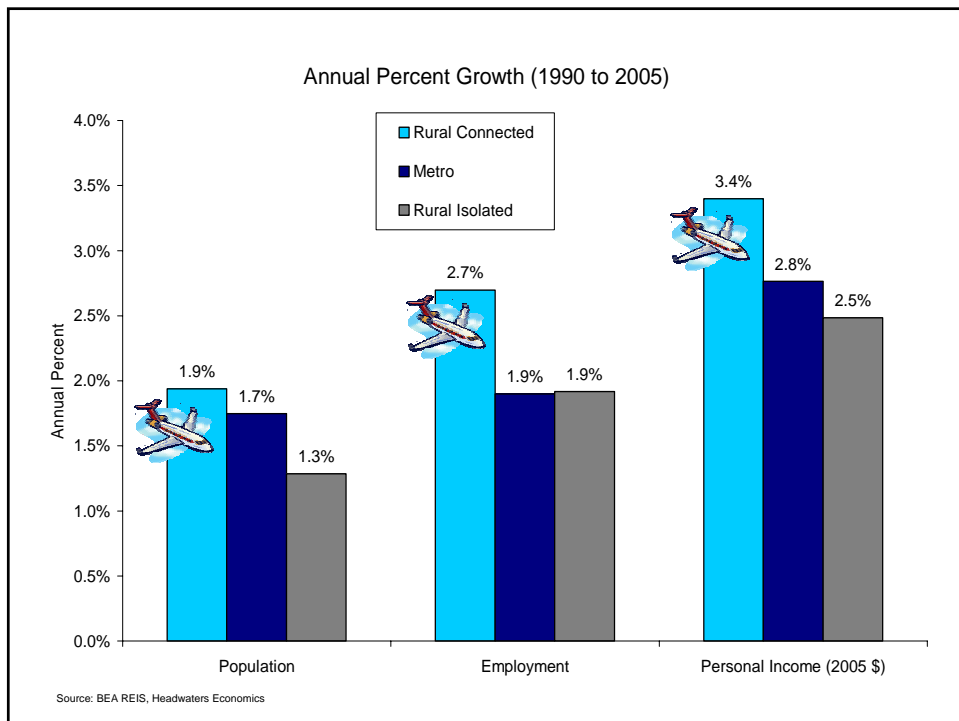
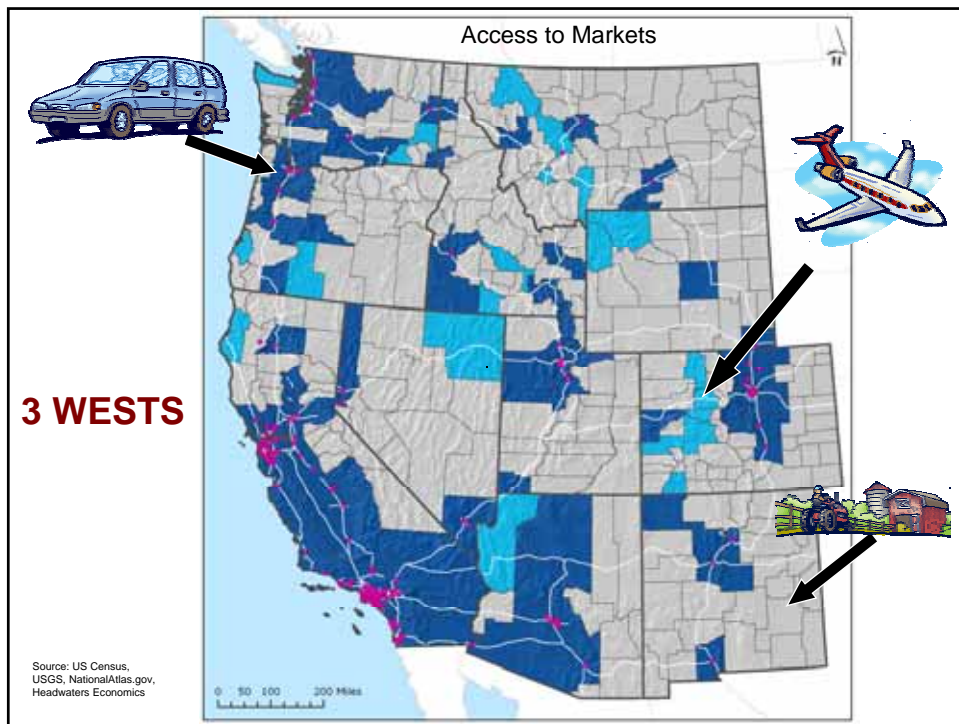
Source: BLS QCEW

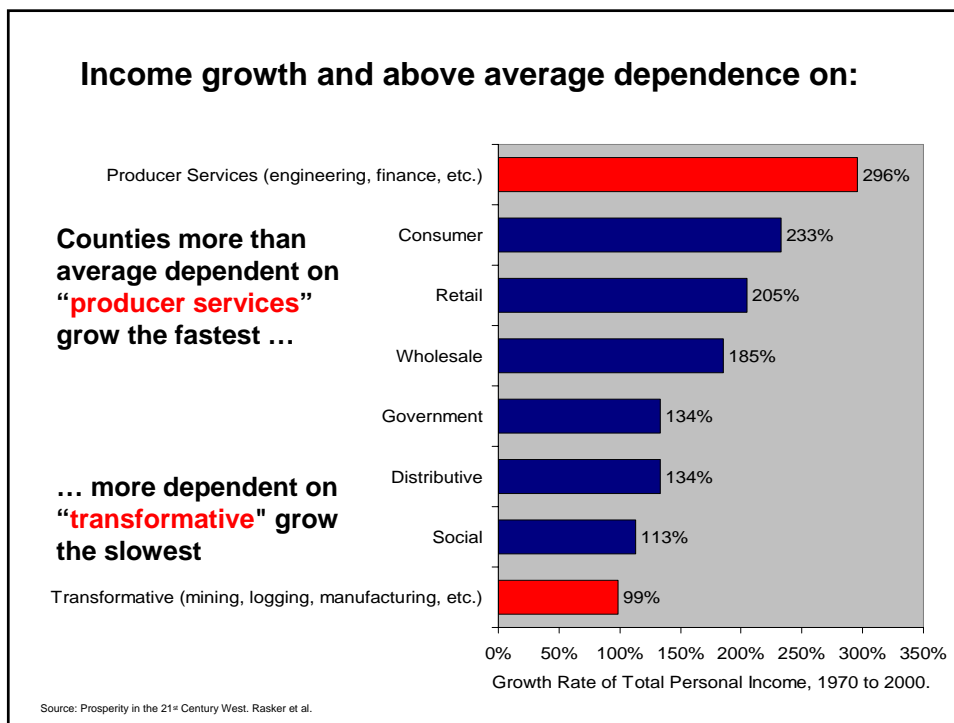
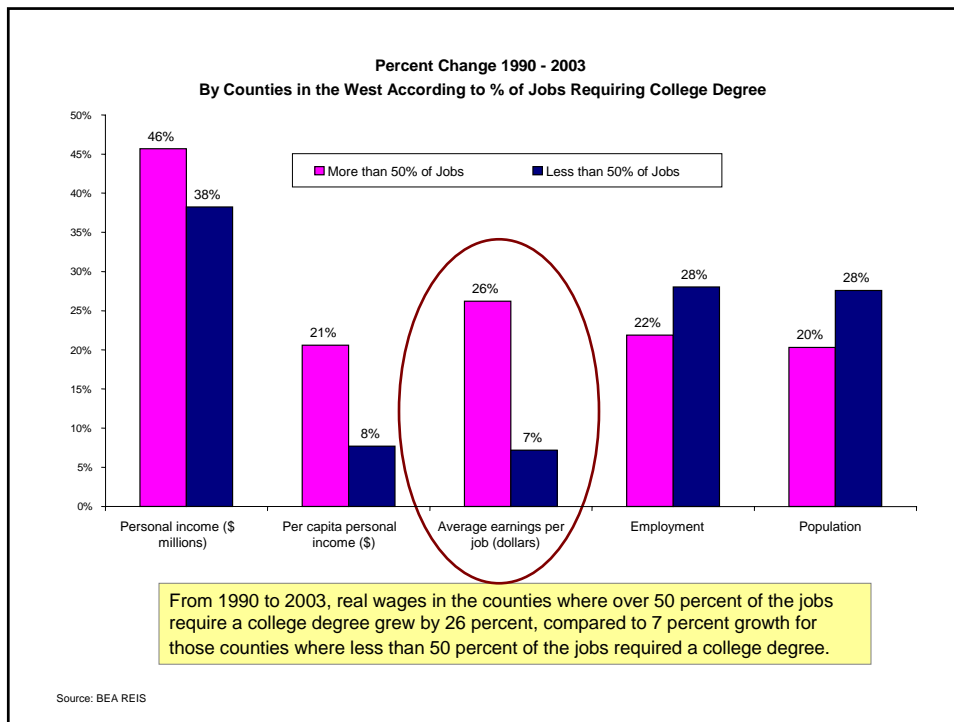
■ Who wins and who loses?

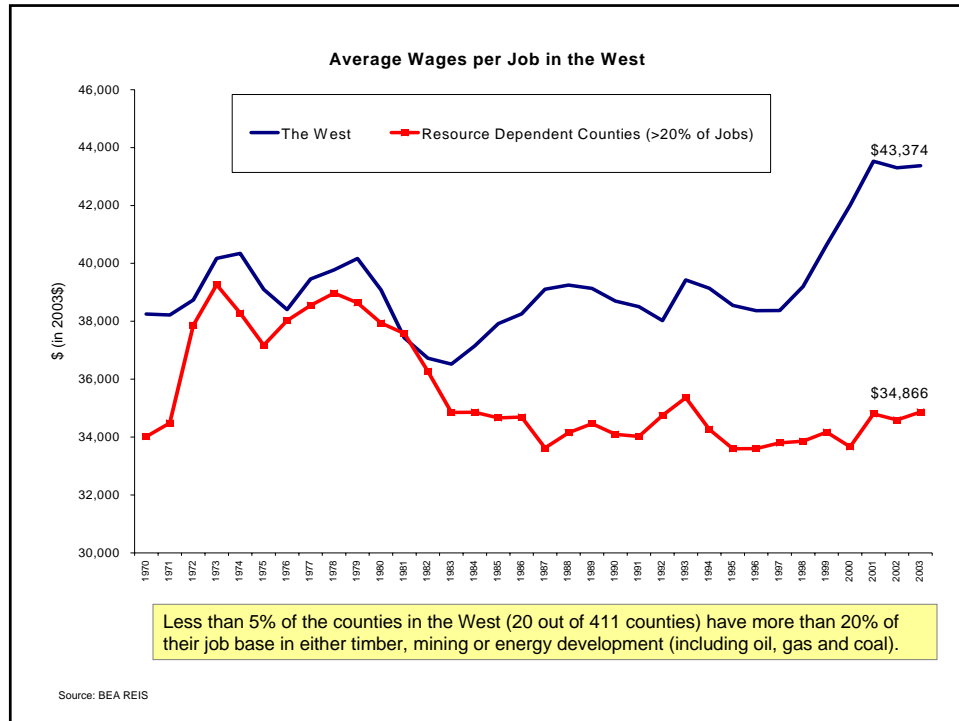
Connection to markets

Education

Resource dependent





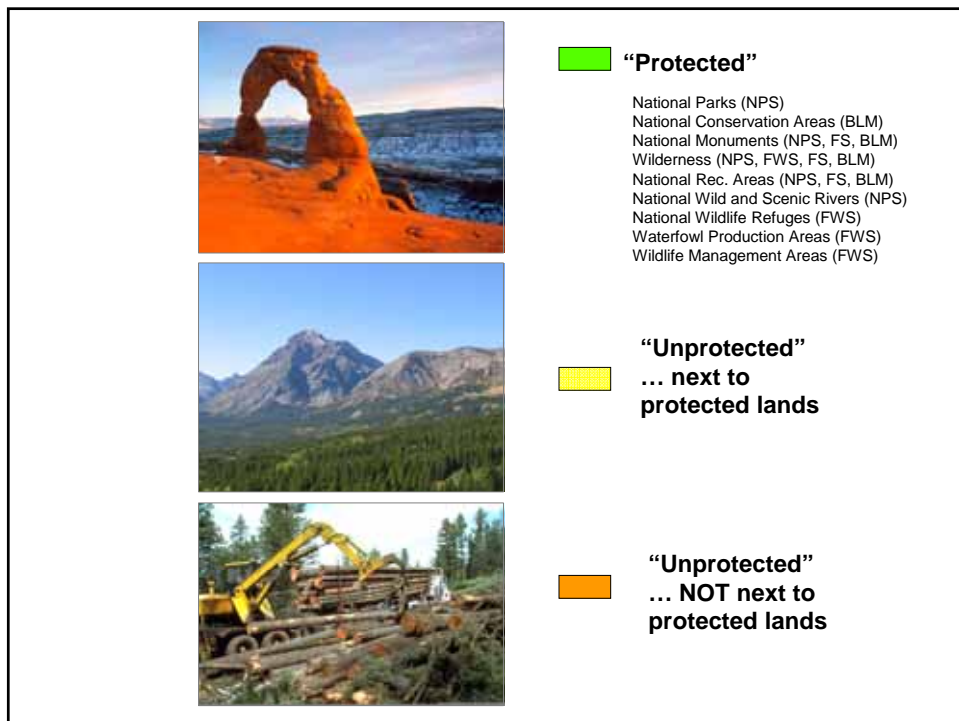
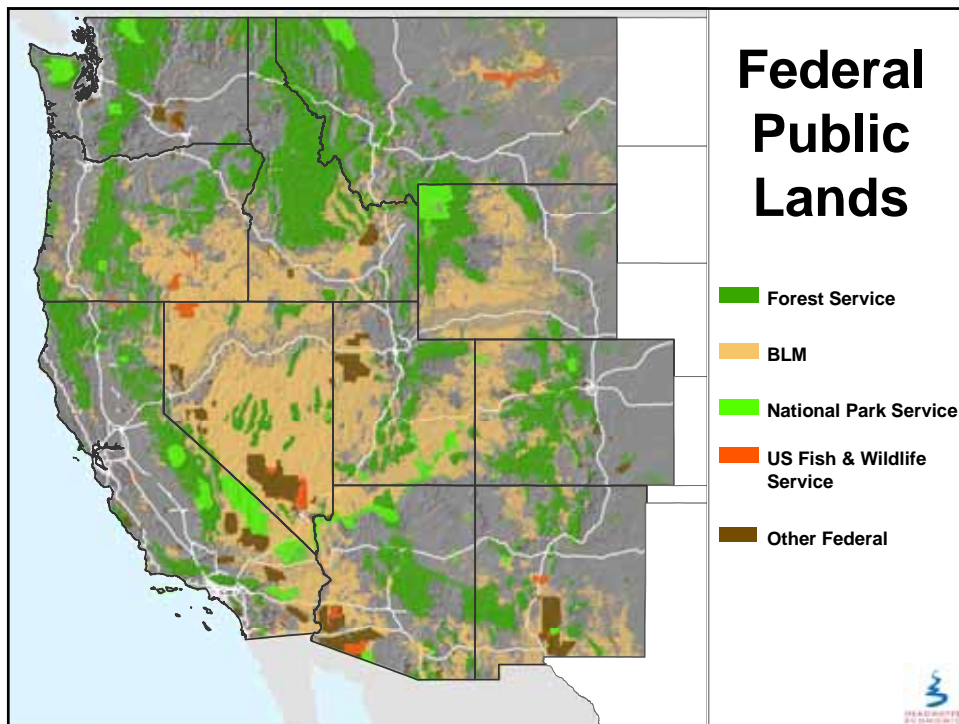


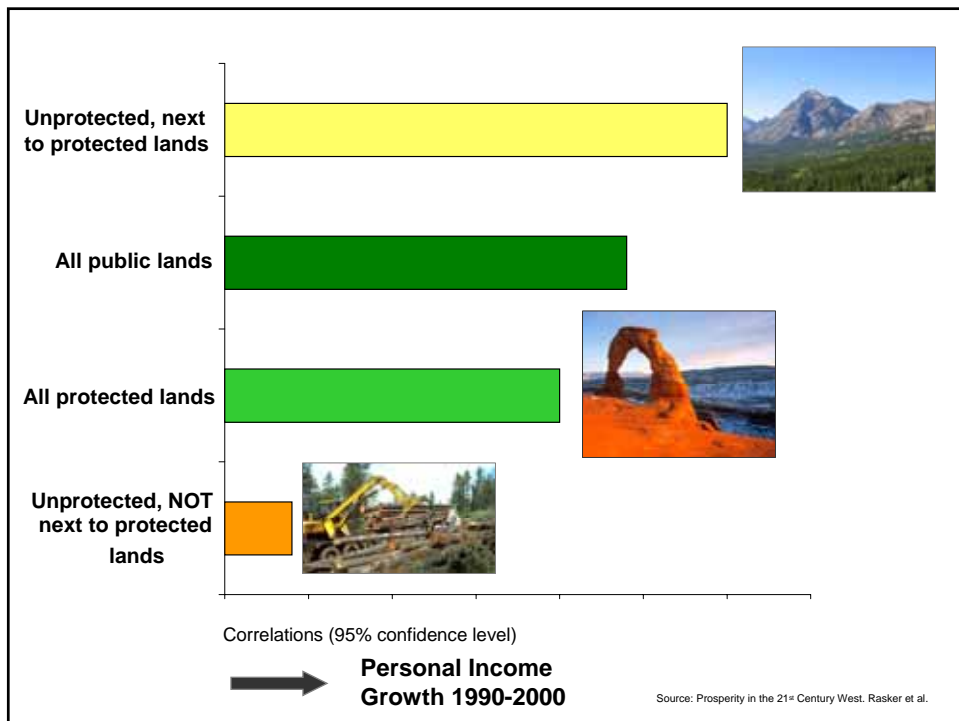
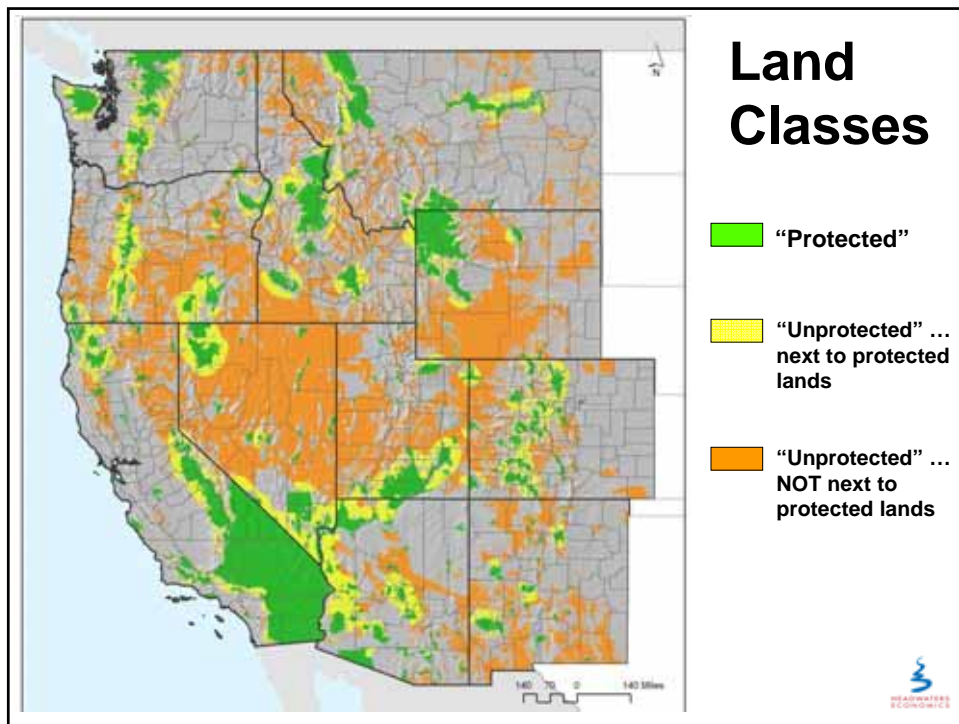
■ Importance of protected lands?

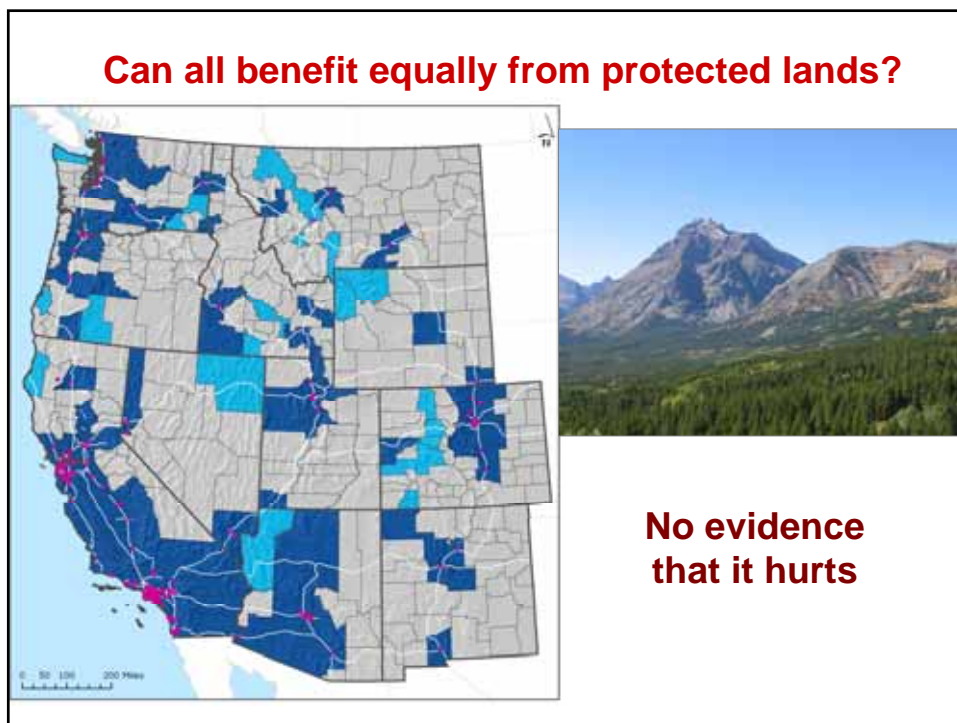
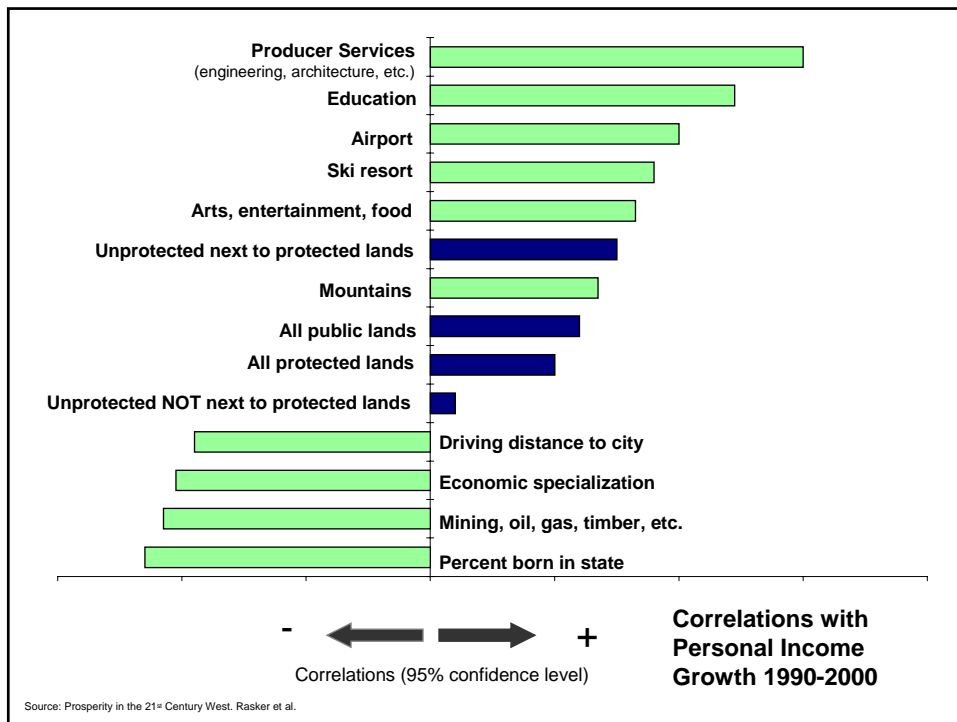
Types of land uses

Correlations with prosperity

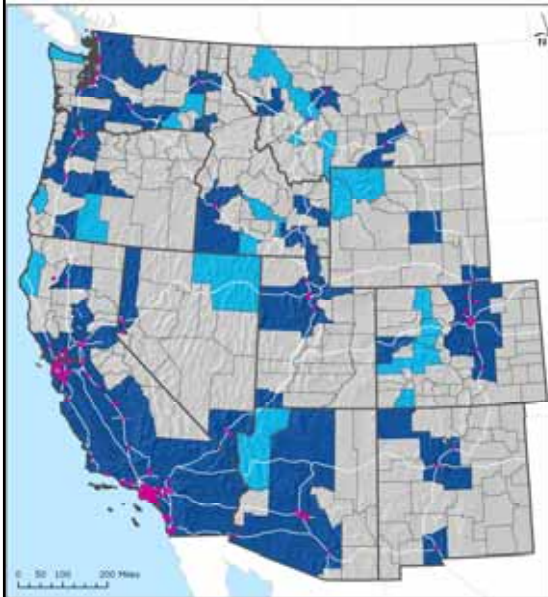
Metro to rural continuum







Can all benefit equally from protected lands?

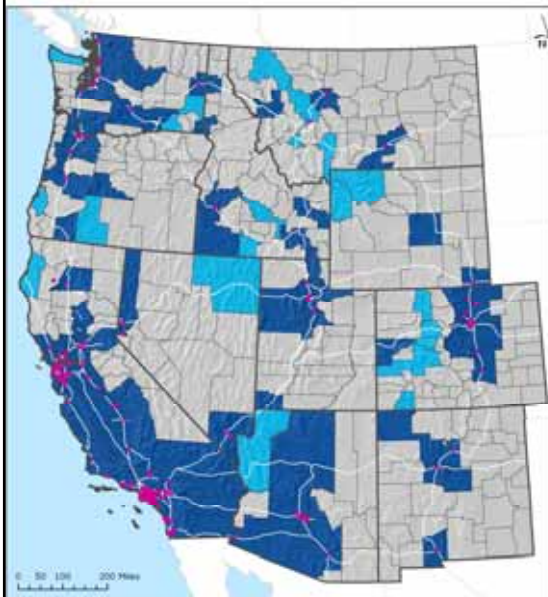


METRO

Maybe.

Difficult to measure.

Can all benefit equally from protected lands?

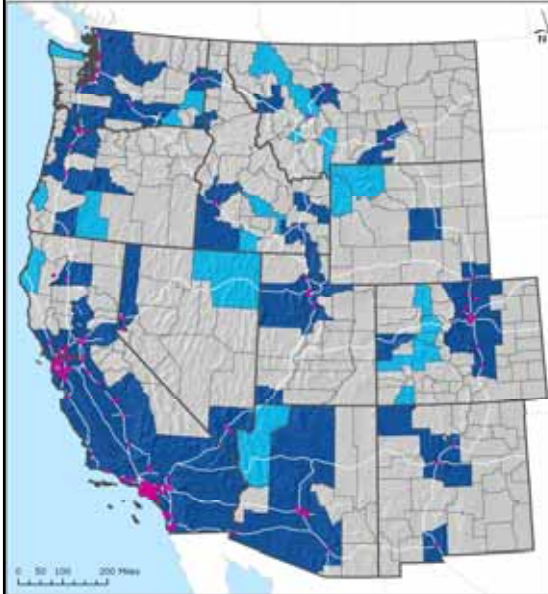


RURAL CONNECTED

Yes. Especially if have:

- * Education
- * Access to markets
- * High-wage services
- * Diverse economy, etc.

Can all benefit equally from protected lands?



RURAL ISOLATED

Strongly correlated, but not enough.

Need:

- * Education
- * Access to markets
- * Newcomers
- * Producer Services
- * Diversification

■ Adapting to change?

The West's competitive advantage

Changing role of public lands

Using the best information

WHAT DOES THE FUTURE HOLD?

Comparative advantage: cheaper

The competitive edge: high-wage, high-skill jobs, educated workforce, recreation, environmental amenities, retirees

Resource industries: value-added and stewardship

Changing nature of production – mobile people and business

High wage occupations attracted to high quality of life

Retirement and investment income – also mobile, looking for affordability, health care, quality of life

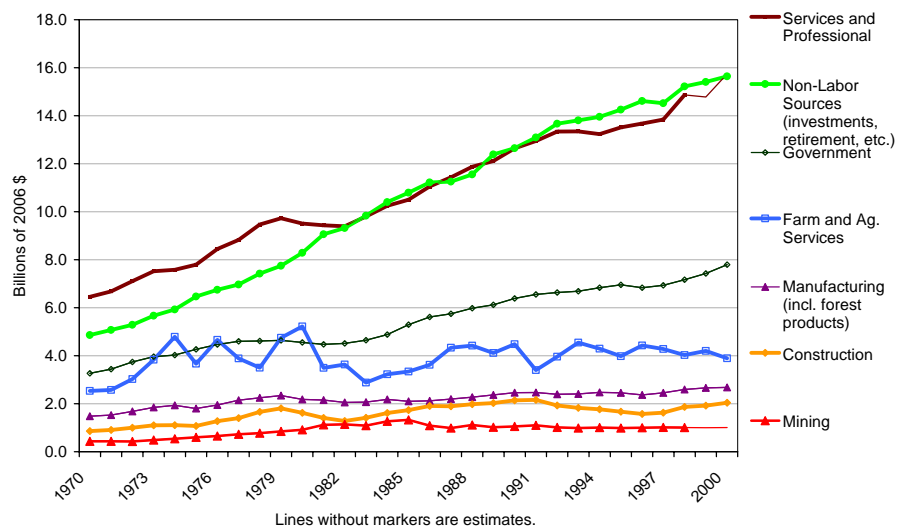


Economic Profile System (EPS)



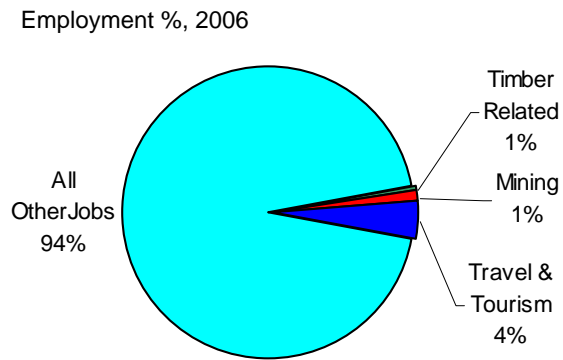
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Personal Income by Major Sector: Fresno, Kern, and Tulare Counties



Source: BEA REIS

Major Sectors Related to Public Lands: Fresno, Kern, and Tulare Counties



Source: CBP



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