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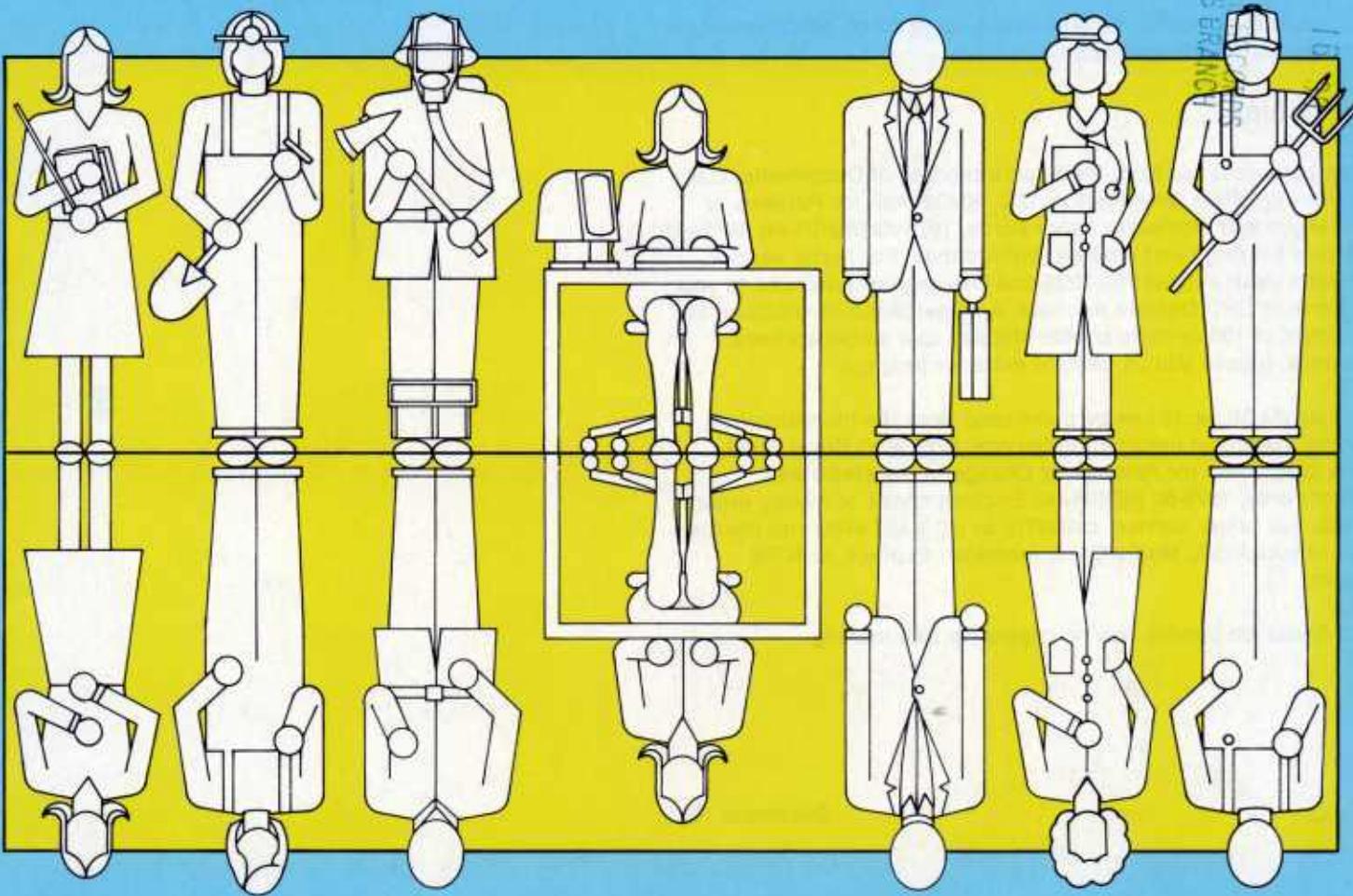
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# Patterns of Change in the Metro and Nonmetro Labor Force, 1976-82

Stan G. Daberkow  
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**Patterns of Change in the Metro and Nonmetro Labor Force, 1976-82**, by Stan G. Daberkow and Herman Bluestone. Economic Development Division, Economic Research Service, U.S. Department of Agriculture, Rural Development Research Report No. 44.

## **Abstract**

Nonmetro areas, particularly farm areas, lagged behind metro areas in employment growth during the 1976-82 period. This reversed a pattern of faster nonmetro growth occurring in the late sixties and early seventies. Nonmetro growth rates fell far below metro rates in the South and West. Economic conditions improved less in nonmetro than metro areas during the 1976-79 business expansion, and conditions declined more in nonmetro than metro areas during the 1979-82 recession. If these trends continue, specific programs to deal with this problem of slower rural growth may be needed.

**Keywords:** Region, metro, nonmetro, farm areas, labor force, employment, unemployment, growth, public policy.

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## Highlights

Nonmetro areas, particularly farm areas, lagged behind metro areas in employment growth during the 1976-82 period. This reversed a pattern of faster nonmetro growth occurring in the late sixties and early seventies. Nonmetro growth rates fell far below metro rates in the South and West. Economic conditions improved less in nonmetro than metro areas during the 1976-79 business expansion, and conditions declined more in nonmetro than metro areas during the 1979-82 recession. If these trends continue, specific programs to deal with this problem of slower rural growth may be needed.

The Nation's employment increase of 12.1 percent during the 1976-82 period was not large enough to absorb the 14.6-percent increase in the Nation's labor force. As a result, the unemployment rate rose from 7.7 percent in 1976 to 9.7 percent in 1982. Among the factors responsible for the Nation's sluggish economic performance were the deep recession between 1979 and 1982 and intensified foreign competition throughout the 1976-82 period.

Most severely affected by the recession were the regions and subregions specializing in the manufacture of durable goods, particularly the East North Central and the East South Central manufacturing belts. Among the Nation's four major regions, the North Central bore the brunt of the 1979-82 recession. During this 3-year period, employment declined by 4.6 percent in the North Central region, remained about unchanged in the Northeast, and increased by about 3.5 percent in the South and West. As a result, the North Central region changed from being the region with the lowest unemployment rate in 1976 and 1979 to the region with the highest rate in 1982.

Economic activity also was less vigorous in nonmetro than metro areas during both the 1976-79 economic expansion and during the 1979-82 recession. From 1976 to 1979, employment increased 9.8 percent in nonmetro areas, compared with 12.1 percent in metro areas. And between 1979 and 1982,

employment declined by 1 percent in nonmetro areas while increasing by 1.1 percent in metro areas. In 1976, the unemployment rate was about half a percentage point lower in nonmetro than metro areas, but by 1982 the nonmetro rate exceeded the metro rate by 1.7 percentage points.

This inferior performance of the nonmetro economy during 1976-82 was in stark contrast to its good showing during the late sixties and early seventies. The slower nonmetro growth cannot be attributed entirely to weakness in manufacturing even though low-wage, labor-intensive manufacturing, which has been vulnerable to foreign competition, is somewhat more important in nonmetro than metro areas. Rather, a number of factors appear to have been at work: most notably, labor concessions and an improving business climate in metro areas, and a reduction in the growth of spending generated by the influx of retirees into nonmetro areas.

Within nonmetro America, employment increased less in farm than in nonfarm areas. While the increases in unemployment rates between 1976 and 1982 in both farm and nonfarm nonmetro counties were identical (3.8 percentage points), employment grew only about half as fast in the farm as in the nonfarm counties. In the northern Plains, a subregion remote from major metro influence, employment in farm counties actually declined slightly during the 6-year period, suggesting that many farm counties are continuing their decades-long pattern of outmigration.

The findings of this study have two major implications for public policy. First, rural development policy will have to be concerned with expanding economic opportunities if slow growth persists. Second, because economic recessions generate greater disparities among regions than between metro and nonmetro areas, public policy which is intended to even out economic cycles is likely to be more effective in reducing regional differences than metro-nonmetro inequality.

# Patterns of Change in the Metro and Nonmetro Labor Force, 1976-82

Stan G. Daberkow and  
Herman Bluestone\*

## Introduction

Population in the decade prior to the late sixties grew more slowly in small towns and in the open country than in the big cities. Economic conditions also improved less in nonmetro than in metro areas (11, 14).<sup>1</sup> But beginning in the late sixties, population growth in nonmetro areas began to exceed growth in metro areas, and the metro-nonmetro gap in per capita income narrowed (1, 2, 4). These positive changes apparently indicated that the persistent problems of low income and sluggish economic growth in rural areas were being solved.

During the late sixties and early seventies, non-metro economic growth appeared to benefit from a relatively attractive business climate and from a plentiful labor supply which encouraged the decentralization of manufacturing, especially in the low-wage, labor-intensive industries. A large influx of retirees with improved pensions substantially augmented spending in rural areas. And finally, the tightening of environmental regulations in the early seventies may have dampened

growth more severely in metro areas than non-metro areas.

However, a number of recent studies have shown that between the end of the 1974-75 recession and 1982 the economic growth advantage of nonmetro over metro areas diminished and may have disappeared entirely (5, 8, 15). There also was no further reduction in the income disparity between nonmetro and metro families during this period.<sup>2</sup>

The competitive advantage that nonmetro areas enjoyed in the late sixties and early seventies appears to have been eroded by foreign competition and by labor concessions in metro areas on wages and other benefits which held down production costs in the major urban manufacturing centers (5, 10). The exodus of retirees from urban areas to the countryside also may have slowed because an increasing number of people found that they could not afford to retire as early as

previously was possible (7). While the geographic effects of deregulation in energy, communications, credit, and transportation have not been clearly identified, transportation deregulation may have benefited metro areas more than nonmetro areas.

In the study we used selected labor force indicators to measure the economic performance of regions as well as metro, nonmetro, and farm areas since the 1974-75 recession. We attempted to determine whether the relative slowdown in economic growth in nonmetro areas that began in the midseventies has continued or has been reversed. Furthermore, we examined how metro, nonmetro, and farm areas and regions fared during the 1976-79 period of economic expansion and during the 1979-82 period of economic stagnation.<sup>3</sup> In analyzing recent cyclical and secular or longer term trends in the economic situation of metro and nonmetro areas, we have emphasized changes rather than levels in three labor

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<sup>1</sup>Italicized numbers in parentheses refer to items in the References section.

<sup>2</sup>During the 1973-82 period, median family income increased 94 percent in nonmetro areas compared with 96 percent in metro areas. Median family income in nonmetro areas was 21 percent below median family income in metro areas in 1982 compared with 19 percent below in 1973 (16, 17).

<sup>3</sup>Bednarzik and Tiller suggest a number of reasons why the economy of one area or region might respond differently than another to the national business cycle. These reasons include differences in industry mix and labor force composition (3).

market indicators: employment, labor force, and the unemployment rate.

Change in the unemployment rate often provides a good indication of the overall change in an area's economy. But when used alone, it is not always a foolproof measure. For example, take two areas with the same increase in the unemployment rate. The first area has an increase in both employment and labor force, and an increase in earnings. The unemployment rate increases because more people entered the labor force than could be employed. In the second area, both employment and the labor force decline, as does earnings. Thus, a more complete picture of economic change can be obtained when data on the change in the unemployment rate are supplemented with data on employment and labor force growth.

## Data and Methodology

The Bureau of Labor Statistics (BLS) developed the county estimates of labor force, employment, and unemployment we used in this study (9, 24). We used these county-level BLS data to investigate spatial changes in labor market conditions during the 1976-82 period. While we paid attention to regional changes, we emphasized changes in metro, nonmetro, and farm counties.<sup>4</sup> We also paid special attention to the farm counties of the northern Plains (North Dakota, South Dakota, Nebraska, and Kansas) in order to determine whether labor market changes in an agricultural region some distance from major metro-

politan areas differ from changes in agricultural areas in closer proximity to urban areas. The locations of the metro, nonmetro, and farm counties used in this study are shown in map 1.

Farm counties have been identified as being highly dependent on agriculture, and include "consistently agricultural" counties and "farm-loss" counties. Hoppe defined "consistently agricultural" counties as those nonmetro counties (657 in number) in which 20 percent or more of labor income was derived from agriculture during the 1975-77 period (12). "Farm-loss" counties are those farm-oriented nonmetro counties (124 in number) which incurred large farm income losses, primarily from livestock operations, during the 1975-77 period. As of 1974, over 26 percent of all U.S. farms, accounting for 35 percent of all farm sales, were located in the "consistently agricultural" and "farm-loss" counties.

Metro counties are those designated by the Office of Management and Budget (OMB) as being included in Standard Metropolitan Statistical Areas as of 1974.<sup>5</sup> The remaining counties are defined as nonmetro.

The 1976-82 period provides a basis for studying both secular and cyclical changes. According to the National Bureau of Economic Research, the agency which officially designates business cycle peaks and troughs, business activity reached a trough in March 1975, a peak in January 1980,

a trough in July 1980, a peak in July 1981, and a trough in November 1982 (fig. 1) (20). Thus, economic activity was near a cyclical low at the beginning of 1976, and 1976-79 was a period in which economic activity was expanding. After 1979 there were two recessions interrupted by a short, weak recovery. Because the recovery was too weak to appreciably reduce the annual average unemployment rate, we chose to treat the entire 1979-82 period as one contraction and the 1976-82 period as a complete business cycle.

## Secular Change, 1976-82

Civilian employment between 1976 and 1982 increased 12.1 percent, but this growth was not rapid enough to absorb the 14.6-percent increase in the number of civilians in the Nation's labor force (fig. 2). As a result, the U.S. unemployment rate increased 2 percentage points from an average of 7.7 percent in 1976 to an average of 9.7 percent in 1982 (app. table 1). The 1976-82 changes can be considered secular changes because economic activity was cyclically depressed in both 1976 and 1982.

## Regions

The North Central region and the South were hurt most during the 1976-82 period—the North Central region because of its large slow-growing durable goods industries and the South because of its heavy commitment to low-wage, labor-intensive manufacturing which was battered by foreign competition.

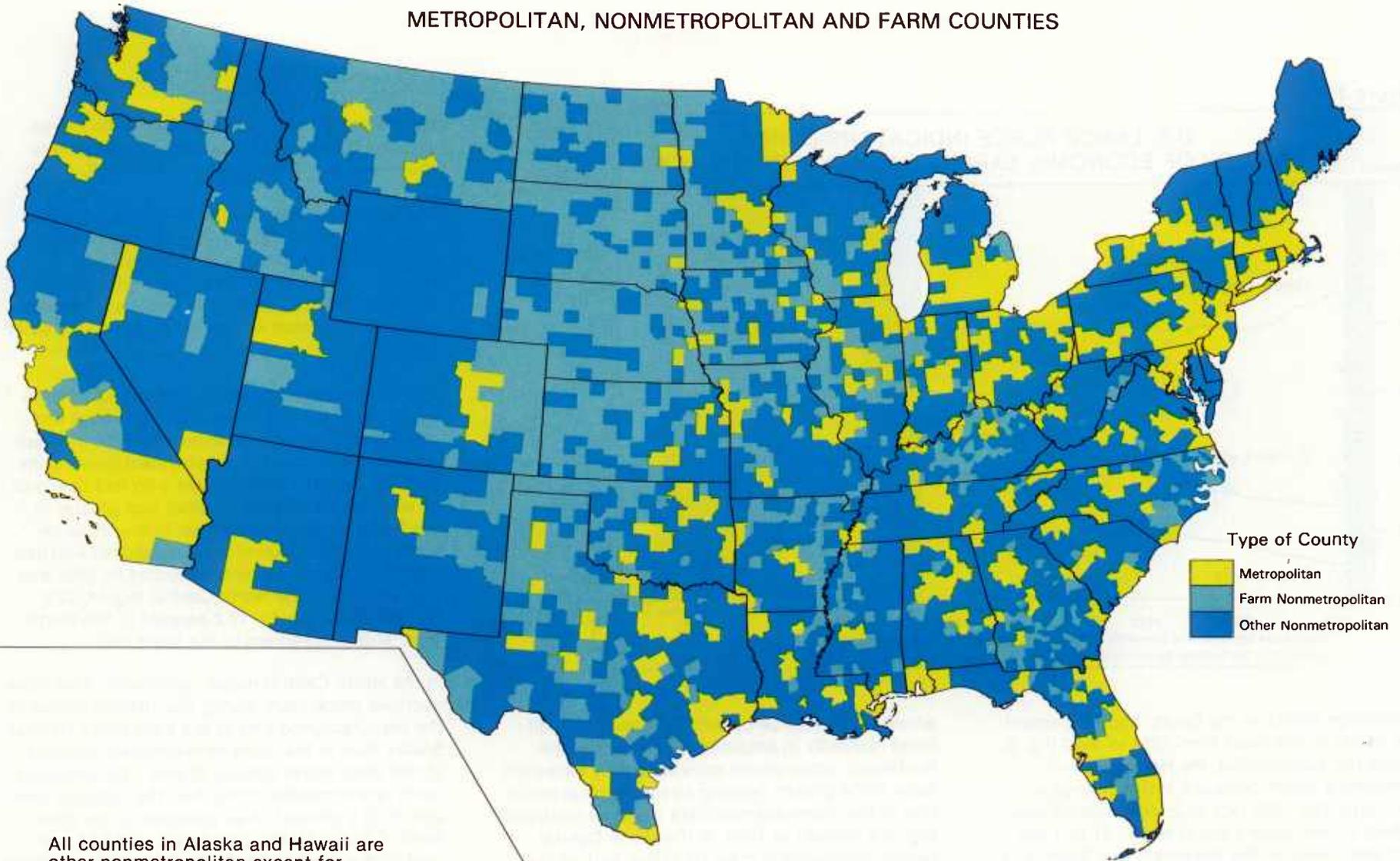
The unemployment rate increased 4.5 percentage points in the North Central region, 2.3

<sup>4</sup>See app. table 4 for the States in each region.

<sup>5</sup>This metro delineation, designated by the Office of Management and Budget as of April 1974, was based on population and commuting data from the 1970 Census of Population.

Map 1

METROPOLITAN, NONMETROPOLITAN AND FARM COUNTIES

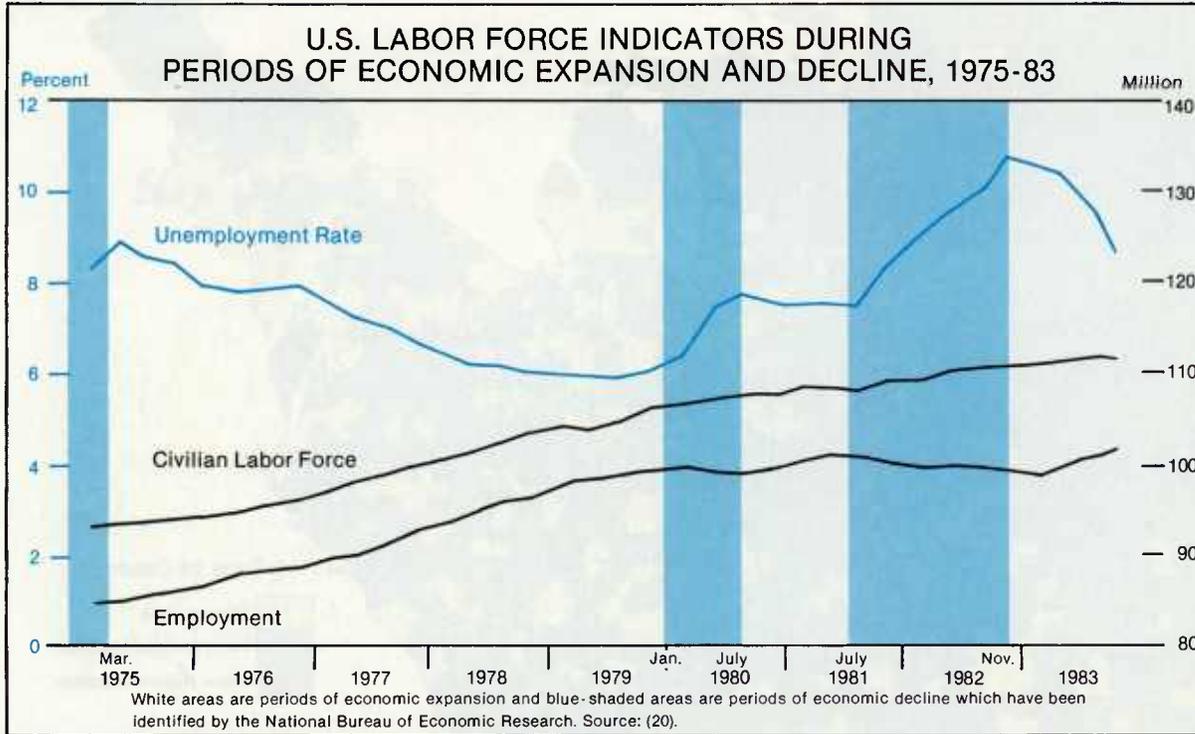


All counties in Alaska and Hawaii are other nonmetropolitan except for Honolulu and Anchorage which are metropolitan.

Office of Management and Budget

Economic Research Service  
U.S. Department of Agriculture

Figure 1



percentage points in the South, and 1.2 percentage points in the West from 1976 to 1982 (fig. 3). During the same period, the Northeast experienced a slight decrease in the unemployment rate. The 1982 rate of unemployment was highest in the North Central region at 11.1 percent and lowest in the Northeast and South at 9 percent (app. table 1). The rate in the West was 9.8 percent.

The Northeast and the North Central regions were alike in lagging behind the Nation as a

whole in labor force growth. However, they differed markedly in employment growth. In the Northeast, employment growth slightly exceeded labor force growth, leading to the nominal reduction in the unemployment rate from the relatively high 9.4 percent in 1976. In the North Central region, employment grew less than half as fast as the labor force. As a result, the unemployment rate in the North Central region advanced 4.5 percentage points from 1.1 percentage points below the U.S. average in 1976 to 1.4 percentage points above the U.S. average in 1982. The North

Central region changed from being the region with the lowest unemployment rate in 1976 to the region with the highest rate in 1982.

The South and the West both experienced relatively rapid labor force and employment growth. However, in the South employment growth lagged further behind labor force growth than in the West. Consequently, the South's unemployment rate increase was twice as large as that of the West.

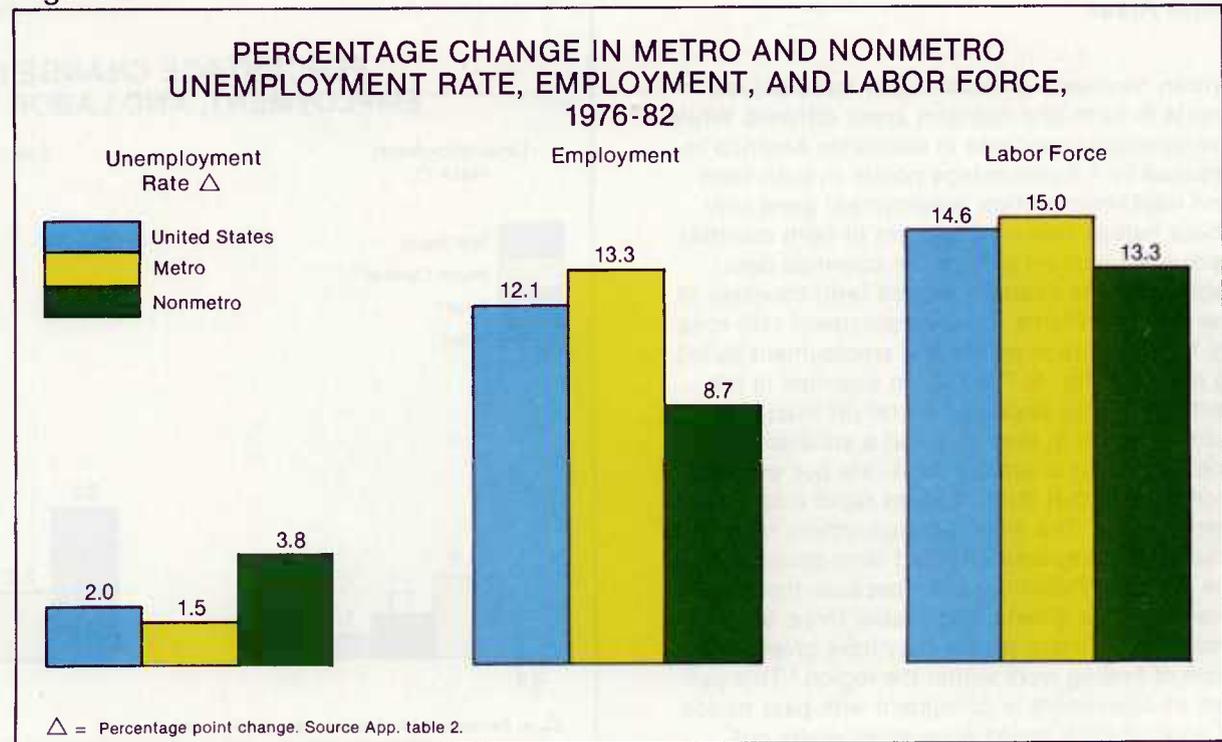
The North Central region's high unemployment rate in 1982 did not completely reveal the seriousness of the region's unemployment problem. As a result of the slow employment growth, the proportion of the unemployed who had been out of work for an extended period was greater in the North Central region than in any other region. The percentage of the unemployed who had been out of work for over 6 months in 1982 was 21.7 percent in the North Central region, 12.6 percent in the South, 17.2 percent in the Northeast, and 14.6 percent in the West (23).

In the North Central region, economic conditions declined much more during the 1976-82 period in the manufacturing belt of the East North Central States than in the more farm-oriented counties of the West North Central States. The unemployment rate increased more than the national average in 92.2 percent of all counties in the East North Central States, compared with 52.1 percent in the West North Central States (app. table 3). In the East North Central States 23.4 percent of the unemployed had been out of work for over 6 months in 1982, compared with 15.6 percent in the West North Central States. However, only small differences were observed in employment

change. The employment growth rate during the 6-year period exceeded the U.S. average growth rate in only 21.6 percent of the counties in the East North Central States, compared with 20.1 percent in the West North Central States.

In the South, the degree of economic adversity also varied widely by subregion. In the East South Central States, 98.4 percent of all counties had unemployment rate increases from 1976 to 1982 above the U.S. average, compared with 56.9 percent in the South Atlantic States and 38.7 percent in the West South Central States. The employment growth rate exceeded the U.S. average rate in 23.1 percent of all counties in the East South Central States, 42.5 percent of those in the South Atlantic States, and 58.1 percent of those in the West South Central States. Unemployed workers who had been out of work for over 6 months accounted for 16.3 percent of the unemployed in the East South Central States, 14.1 percent in the South Atlantic States, and only 6.8 percent in the West South Central States.

Figure 2



### Nonmetro versus Metro Areas

Labor market conditions worsened much more in nonmetro than in metro areas during 1976-82. While nonmetro areas almost kept pace with metro areas in labor force growth, they lagged far behind in employment growth. Employment increased only 8.7 percent in nonmetro areas, compared with 13.3 percent in metro areas (fig. 2). In 1976 the unemployment rate in nonmetro areas averaged 7.2 percent, about one-half percentage point lower than in metro areas, but by 1982 the nonmetro rate had climbed to 11 per-

cent, 1.7 percentage points above the metro rate (app. table 1).

Labor force conditions declined more in nonmetro than metro areas in all census regions except the North Central region, where the nonmetro and metro changes were about the same. However, the economic performance of nonmetro areas fell far below the performance of metro areas only in the South and West. During the 1976-82 period, unemployment in the South increased 4.1 percentage points in nonmetro areas

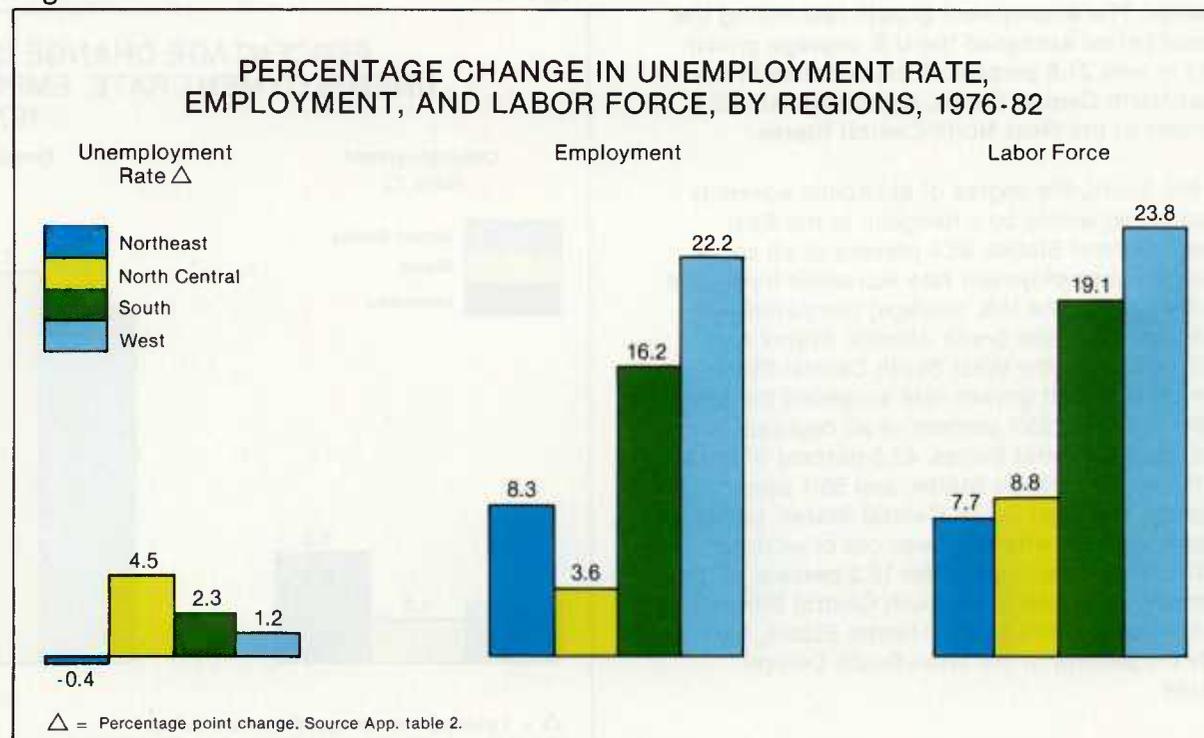
compared with 1.3 percentage points in metro areas. And employment in the South increased only 9.6 percent in nonmetro areas, compared with 19.8 percent in metro areas (app. table 2). Nonmetro-metro differences in the West were somewhat smaller. The nonmetro South, with its heavy concentration of low-wage, labor-intensive industries, has been vulnerable to increased foreign competition.

### Farm Areas

Within nonmetro America, labor force adjustments in farm and nonfarm areas differed. While the unemployment rate in nonmetro America increased by 3.8 percentage points in both farm and nonfarm counties, employment grew only about half as fast—4.9 percent in farm counties versus 9.4 percent in nonfarm counties (app. table 2). In the sparsely settled farm counties of the northern Plains the unemployment rate rose by 1.7 percentage points and employment failed to increase (fig. 4). Thus, farm counties in the northern Plains appeared better off than other farm counties in that they had a smaller increase in their unemployment rate but were worse off in that they had less rapid employment growth. The small unemployment rate increase in the sparsely settled farm counties of the northern Plains occurred because there was relatively little growth in the labor force, indicating that many people may have given up hope of finding work within the region.<sup>6</sup> This pattern of adjustment is consistent with past trends of agriculturally based economies where outmigration has been the response to declining job opportunities. Population growth data also suggest that there may have been some outmigration

<sup>6</sup>Nilsen has argued that the unemployment rate in farming areas tends to understate the underutilization of labor because a larger proportion of workers in these areas are self-employed. This means a reduction in the demand for labor tends to show up as underemployment rather than as unemployment. And, for the same reason, the change in the unemployment rate in farm areas may understate the change in labor utilization (13).

Figure 3



of people of working age from the northern Plains.<sup>7</sup>

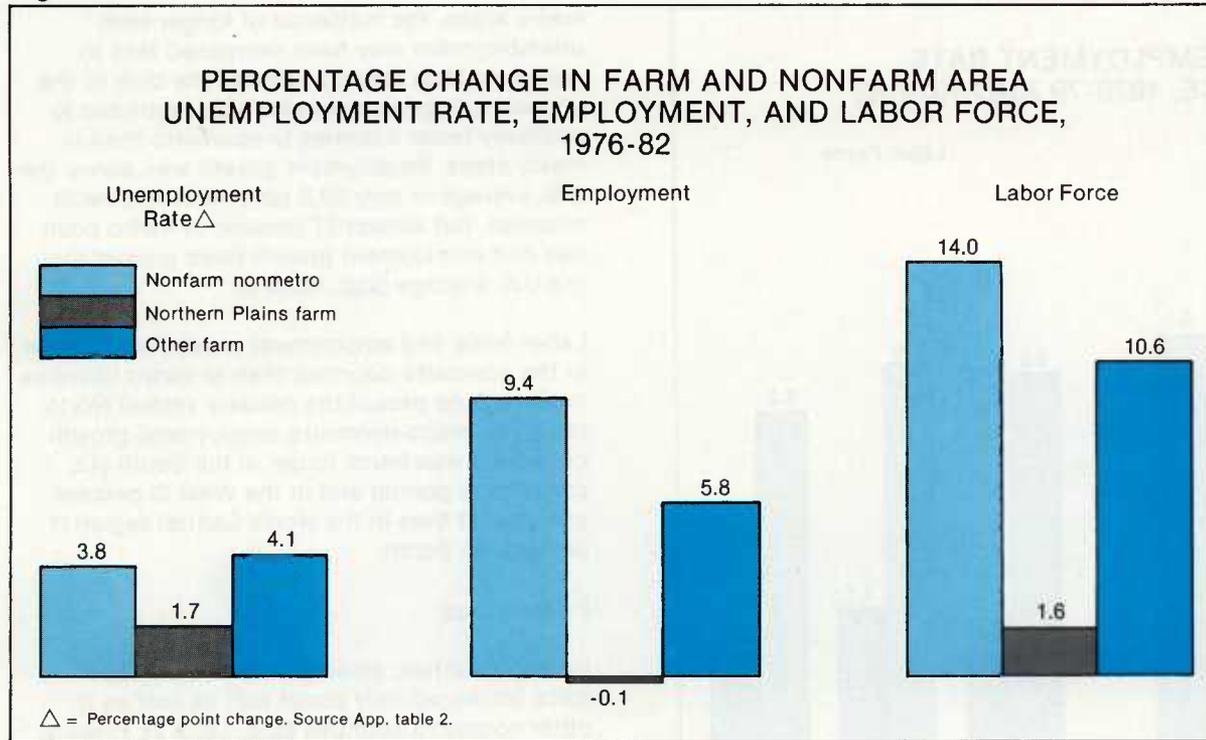
### Economic Expansion, 1976-79

Between 1976 and 1979, the Nation's economic activity rose cyclically. Employment increased 11.5 percent and the number of civilians in the

<sup>7</sup>Between 1976 and 1982, total population increased 4.6 percent in the northern Plains, compared with 6.4 percent in the Nation as a whole (18, 19).

labor force increased 9.2 percent (fig. 5). Because employment growth exceeded labor force growth, as is typical during the expansionary phase of the business cycle, the unemployment rate declined from 7.7 percent in 1976 to 5.8 percent in 1979 (app. table 1). Even so, much of the improvement in labor force conditions was concentrated in a relatively small number of counties. Employment growth exceeded the U.S. average rate in only 37.5 percent of all counties, and the unemployment rate declined by more than the U.S. average in only 26.4 percent (app. table 3).

Figure 4



employment rate was highest in the Northeast and lowest in the North Central region. Unemployment rates decreased by more than the national average in 65.4 percent of all Northeast counties but in only 15.7 percent of all North Central counties.

In the North Central region, the proportion of counties with above average reductions in the rate of unemployment or above average growth in employment was much larger in the East North Central States than in the West North Central States, indicating that the farm-oriented West North Central States are less affected than the East North Central States by changes in the national economy. In the South, relatively fewer counties fully participated in the economic recovery in the East South Central States than in the South Atlantic and West South Central States, probably because low-wage, labor-intensive manufacturing (the kind most vulnerable to foreign competition) is more important in the East South Central States than in the rest of the South (5, 10).

### Regions

While economic activity increased in each of the four census regions, growth among regions in employment and labor force varied considerably. Growth rates were highest in the West and South and lowest in the Northeast and North Central regions (fig. 6). Employment growth exceeded labor force growth in all regions, but the difference was greater in the Northeast and West than in the South and the North Central region. Consequently, the rate of unemployment

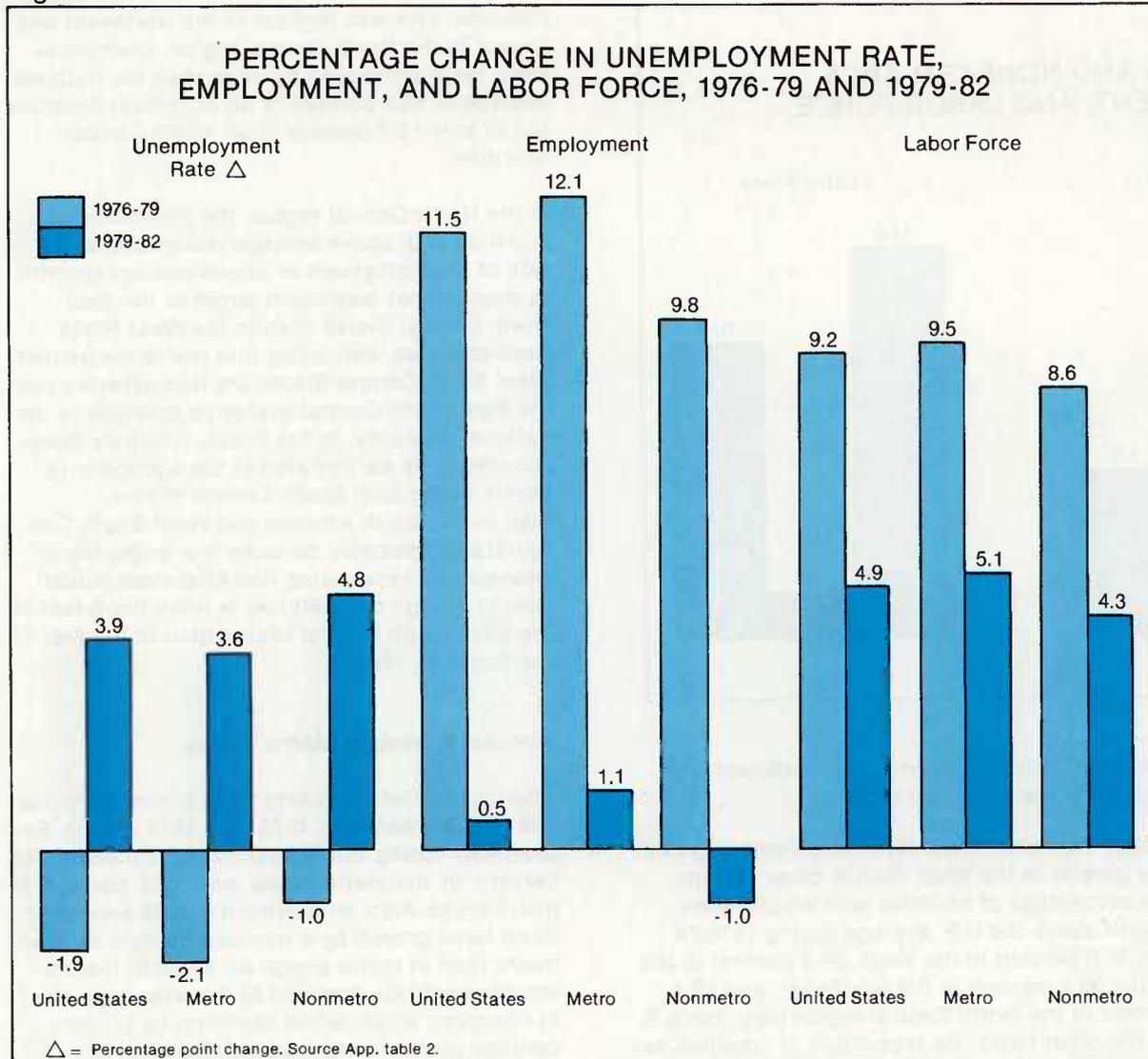
decreased twice as much in the Northeast and West as in the other two regions.

County participation in rapid employment growth was greater in the West than in other regions. The percentage of counties with employment growth above the U.S. average during 1976-79 was 55.6 percent in the West, 39.4 percent in the South, 36.4 percent in the Northeast, and 27.4 percent in the North Central region (app. table 3). On the other hand, the proportion of counties experiencing a substantial decline in their unem-

### Nonmetro versus Metro Areas

Economic growth was less rapid in nonmetro than metro areas between 1976 and 1979 (fig. 5). Employment during this 3-year period increased 9.8 percent in nonmetro areas and 12.1 percent in metro areas. Also, employment growth exceeded labor force growth by a narrower margin in nonmetro than in metro areas. As a result, the unemployment rate declined by 1 percentage point in nonmetro areas, while declining by 2.1 percentage points in metro areas. Because of slower employment growth in nonmetro than in

Figure 5



metro areas, the incidence of longer term unemployment may have decreased less in nonmetro than metro counties. The bulk of the economic improvement also was restricted to relatively fewer counties in nonmetro than in metro areas. Employment growth was above the U.S. average in only 32.5 percent of nonmetro counties, but almost 57 percent of metro counties had employment growth rates greater than the U.S. average (app. table 3).

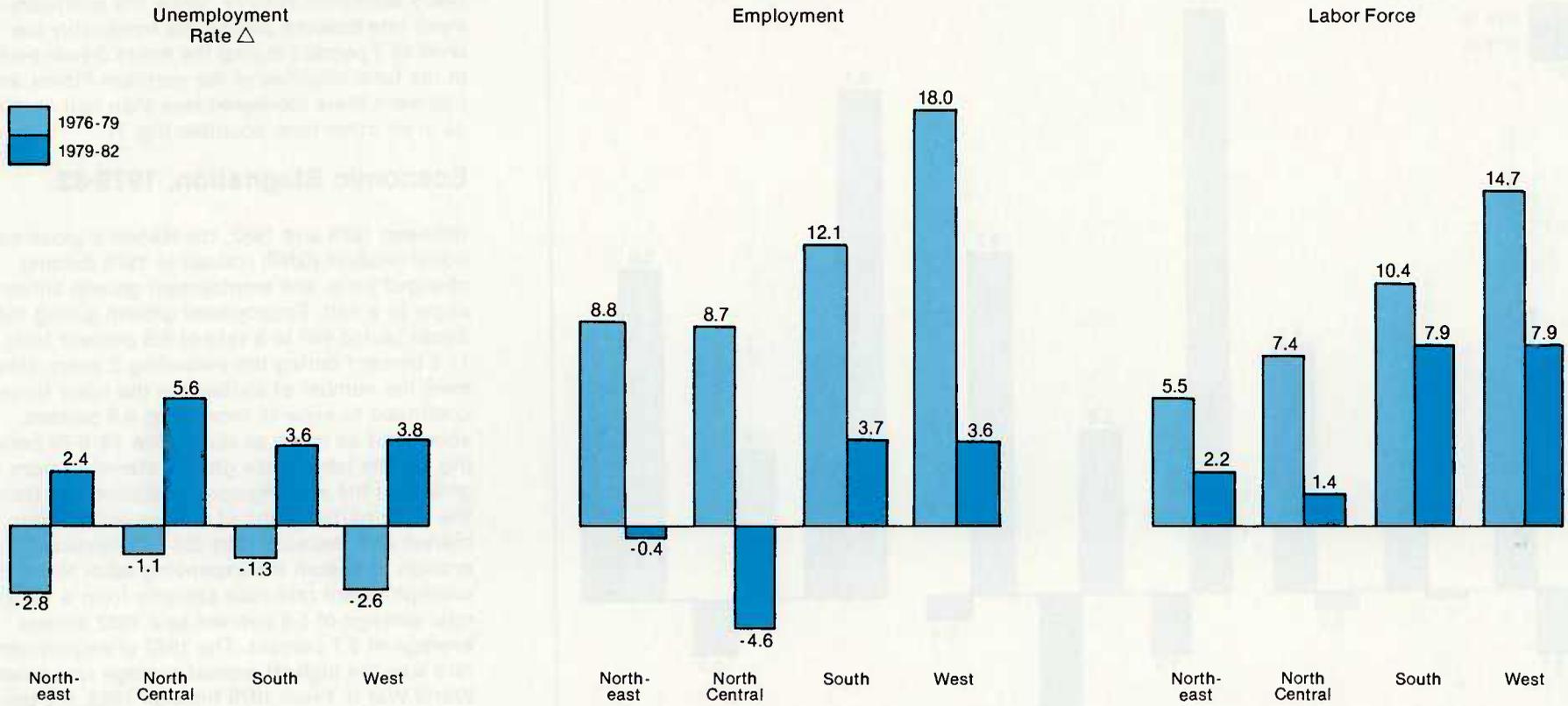
Labor force and employment growth was slower in the nonmetro counties than in metro counties in all regions except the densely settled Northeast. The metro-nonmetro employment growth difference was much larger in the South (4.6 percentage points) and in the West (3 percentage points) than in the North Central region (1 percentage point).

### Farm Areas

In farm counties, employment and the labor force increased only about half as fast as in other nonmetro counties (app. table 2). Employment and the labor force grew at about the same rate in farm counties, so there was little reduction in the farm-county unemployment rate between 1976 and 1979. However, the unemployment rate in these counties was only 5.8 percent going into the expansion. By contrast, in non-farm-nonmetro counties the unemployment rate dropped by 1.1 percentage points during this 3-year period. Only about a sixth of all farm counties grew as fast as the Nation in employment, and about a tenth of the counties had unemployment rate declines as large as the national average. In general, the farm counties did not appear to benefit appreciably from the

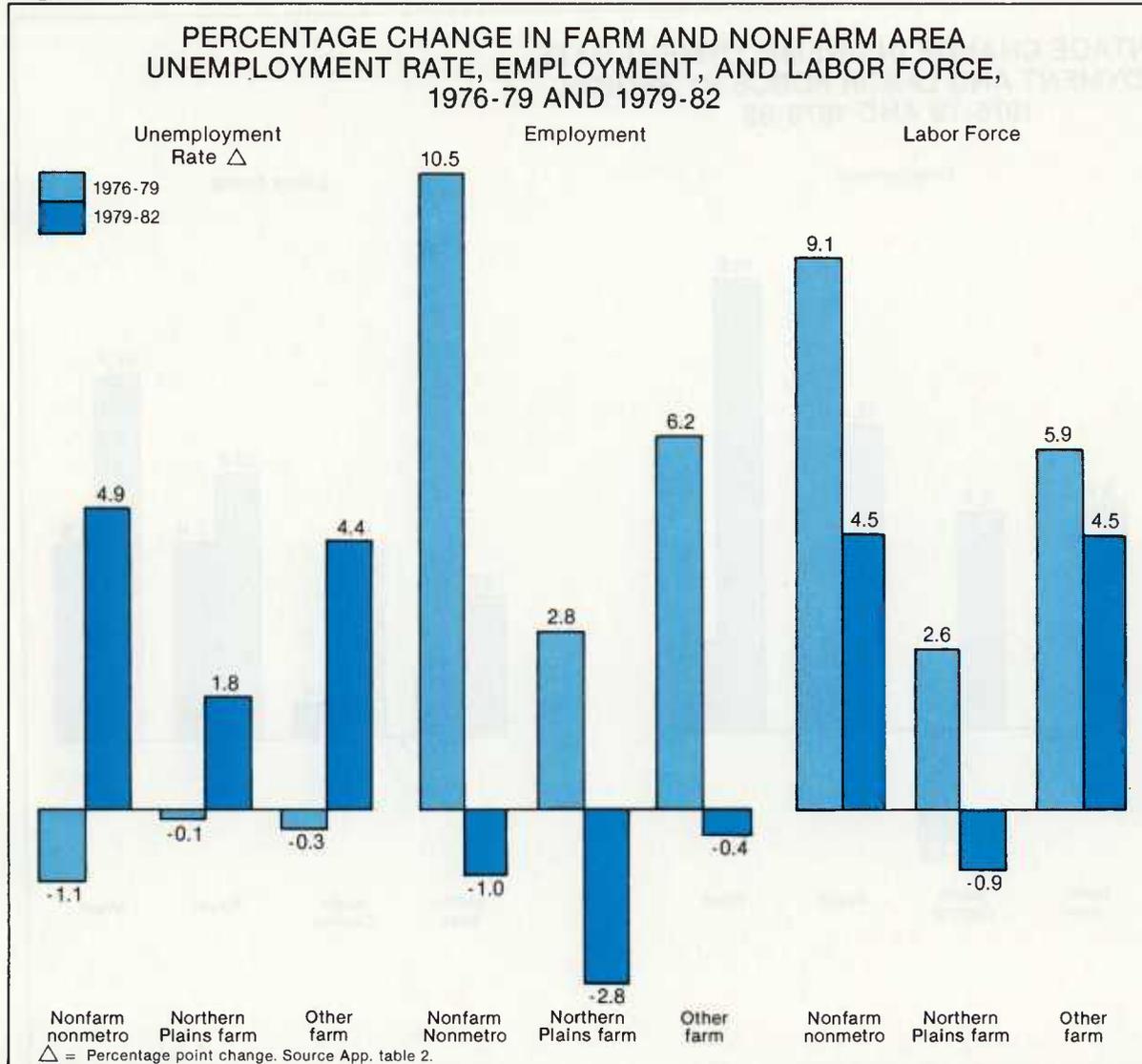
Figure 6

PERCENTAGE CHANGE IN UNEMPLOYMENT RATE,  
EMPLOYMENT AND LABOR FORCE BY REGION,  
1976-79 AND 1979-82



Δ = Percentage point change. Source App. table 2.

Figure 7



1976-79 expansion in the national economy. The farm counties in the agriculturally dominated northern Plains, which are not closely tied to the national economy, were less affected than farm counties in other areas by the upturn in the Nation's economic activity. While the unemployment rate hovered around the irreducibly low level of 3 percent during the entire 3-year period in the farm counties of the northern Plains, employment there increased less than half as fast as in all other farm counties (fig. 7).

### Economic Stagnation, 1979-82

Between 1979 and 1982, the Nation's gross national product (GNP) (valued in 1972 dollars) changed little, and employment growth almost came to a halt. Employment growth during the 3-year period fell to a rate of 0.5 percent from 11.5 percent during the preceding 3 years. However, the number of civilians in the labor force continued to expand, increasing 4.9 percent, about half as much as during the 1976-79 period (fig. 5). The labor force growth stemmed from growth in the working-age population and from the fuller participation of women in the labor market (22). Because jobs did not increase enough to absorb the expanding labor force, the unemployment rate rose abruptly from a 1979 annual average of 5.8 percent to a 1982 annual average of 9.7 percent. The 1982 unemployment rate was the highest annual average rate since World War II. From 1979 through 1982, the percentage of the unemployed out of work for 27 weeks or more increased from 8.7 percent to 16.6 percent (21, 22). The effect of the recession was geographically pervasive, with the unemployment rate increasing in all except a few scattered counties (maps 2 and 3). Most

severely affected by the recession were the 38.3 percent of all counties with unemployment rate increases above the U.S. average and employment growth rates below the U.S. average (map 4 and app. table 4).

### Regions

The North Central region, with its heavy dependence on automobile, farm equipment, and steel production, was the region most adversely affected by the cyclical weakness in economic activity. Employment in the durable goods industries declined 13 percent between 1979 and 1982 at the national level (6). Total employment declined by 4.6 percent in the North Central region, stayed about the same in the Northeast, and increased over 3.5 percent in both the South and West (fig. 6). Unemployment rates increased most in the North Central region and least in the Northeast. Increases were 5.6 percentage points in the North Central region, 3.8 percentage points in the West, 3.6 percentage points in the South, and 2.4 percentage points in the Northeast. In the North Central region, the severe deterioration in employment opportunities also almost arrested labor force growth. Labor force growth slowed to 1.4 percent from 7.4 percent in the North Central region, to 2.2 percent from 5.5 percent in the Northeast, and to 7.9 percent from over 10 percent in the South and West.

Within the North Central region, economic distress was heavily concentrated in the densely settled East North Central States, where the economic base is production of durable goods. Some 81.4 percent of all counties in the East North Central States had larger than average increases in the unemployment rate and lower than average

employment growth, compared with only 21.4 percent in the West North Central States (app. table 4). Within the South, labor force conditions were most favorable in a large majority of the counties in energy-oriented Oklahoma and Texas, as well as in Georgia and Florida, and least favorable in a majority of the counties in the East South Central States, West Virginia, and South Carolina (map 4). In the Northwest, many counties were economically depressed because of reduced demand for wood and timber in the wood products and construction industries. In the Northeast, proportionately more counties in New Hampshire and Pennsylvania were adversely affected by the recession than counties in other States.

The counties with the highest unemployment rates in 1982 were mostly those that experienced large increases in the unemployment rate between 1979 and 1982 (maps 2 and 3). Unemployment rates increased substantially in all areas except in States along the eastern seaboard (excluding Virginia and the Carolinas) and in a contiguous tier of States extending from Montana and North Dakota in the North to Texas in the South.

### Nonmetro versus Metro Areas

Economic stagnation hit nonmetro areas much harder than metro areas. Not only did the labor force grow more slowly in nonmetro than metro areas, but employment declined 1 percent in nonmetro areas while increasing 1.1 percent in metro areas (fig. 5). As a result, the rate of unemployment increased 4.8 percentage points in nonmetro areas compared with 3.6 percentage points in metro areas. Some 39.6 percent of all nonmetro counties had above average unemploy-

ment rate increases and below average employment gains, compared with 33.7 percent of metro counties (app. table 4). Many of the hard-hit nonmetro counties were the most populous counties located in the East North Central States (map 4).

Nonmetro areas fared worse than metro areas in all regions except the North Central region. Nonmetro areas lagged behind metro areas in employment growth by 5 percentage points in the South and 1.8 percentage points in the West. In the Northeast, where employment declined, the decline was 0.8 percentage point greater in nonmetro than metro areas (app. table 2). However, in the North Central region employment declined 0.6 of a percentage point less in nonmetro areas than in metro areas.

These same kinds of metro-nonmetro differences occurred in changes in the unemployment rate between 1979 and 1982. The increase in the nonmetro unemployment rate exceeded the metro increase by 2 percentage points in the South, 1.2 percentage points in the Northeast, and 1 percentage point in the West. By contrast, in the North Central region, the unemployment rate increased half a percentage point less in nonmetro than in metro areas.

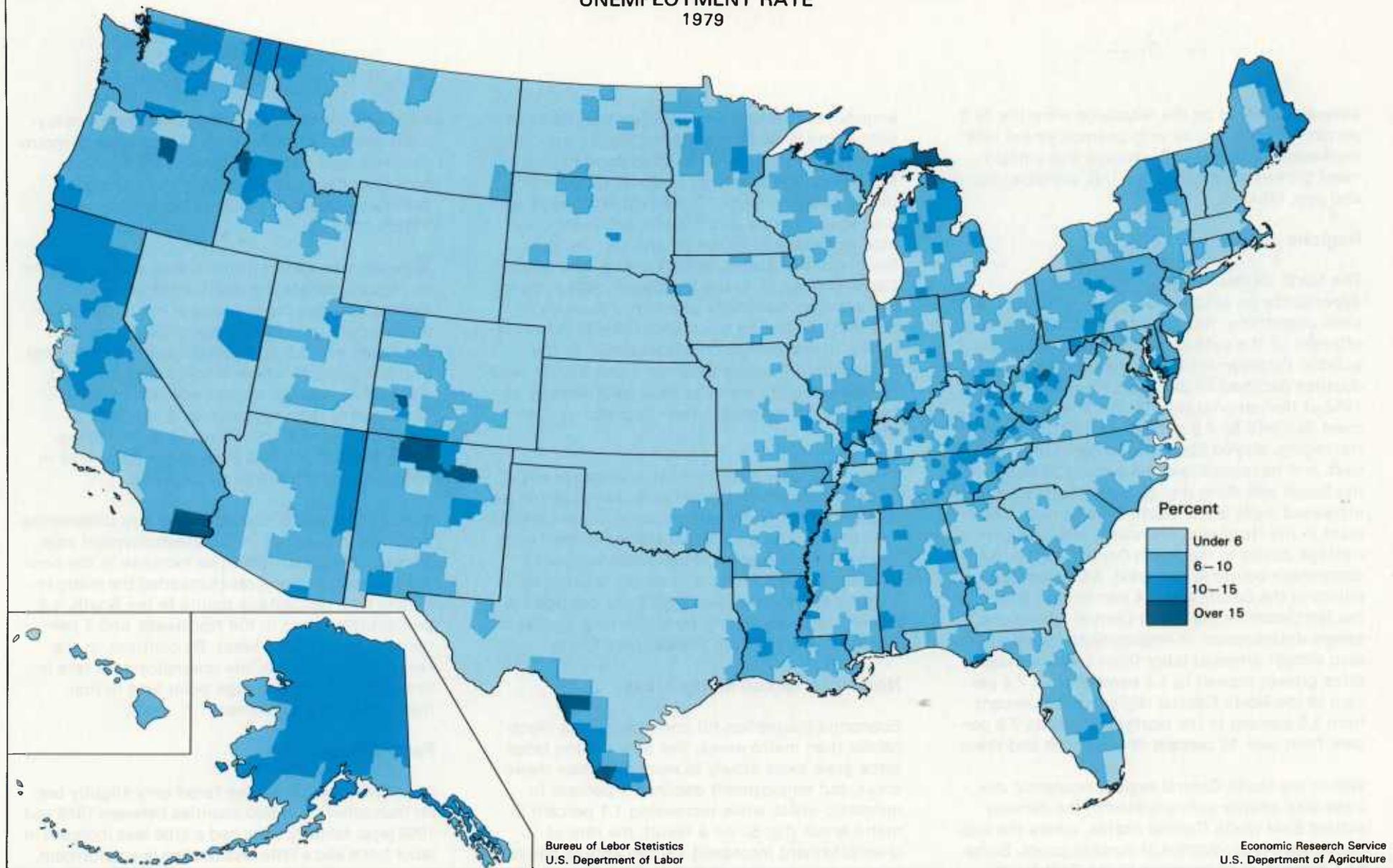
### Farm Areas

In general, farm counties fared only slightly better than other nonmetro counties between 1979 and 1982 (app. table 2). They had a little less increase in labor force and a little less decline in employment.

However, labor force adjustments in farm counties in the northern Plains differed markedly

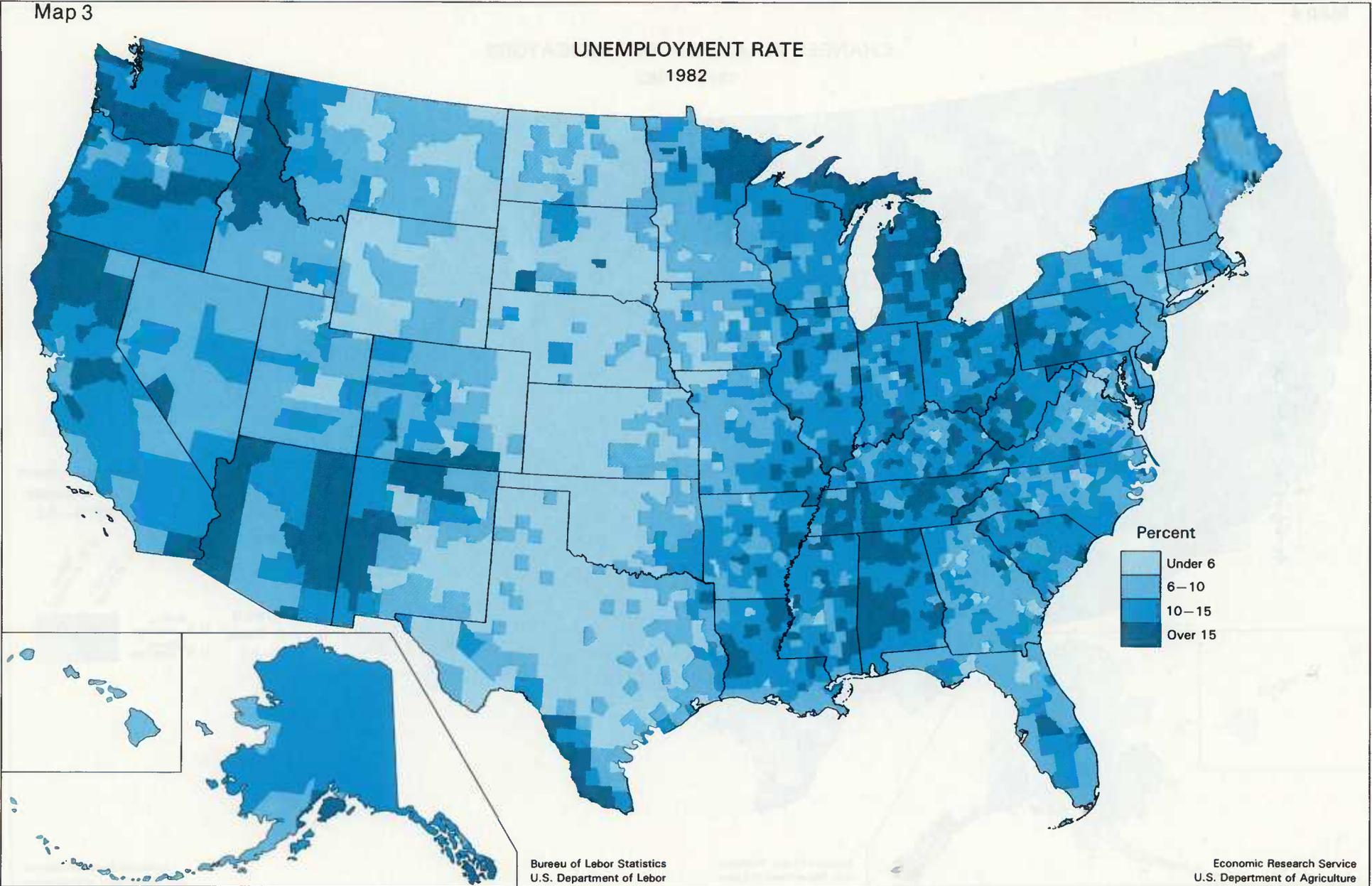
Map 2

### UNEMPLOYMENT RATE 1979



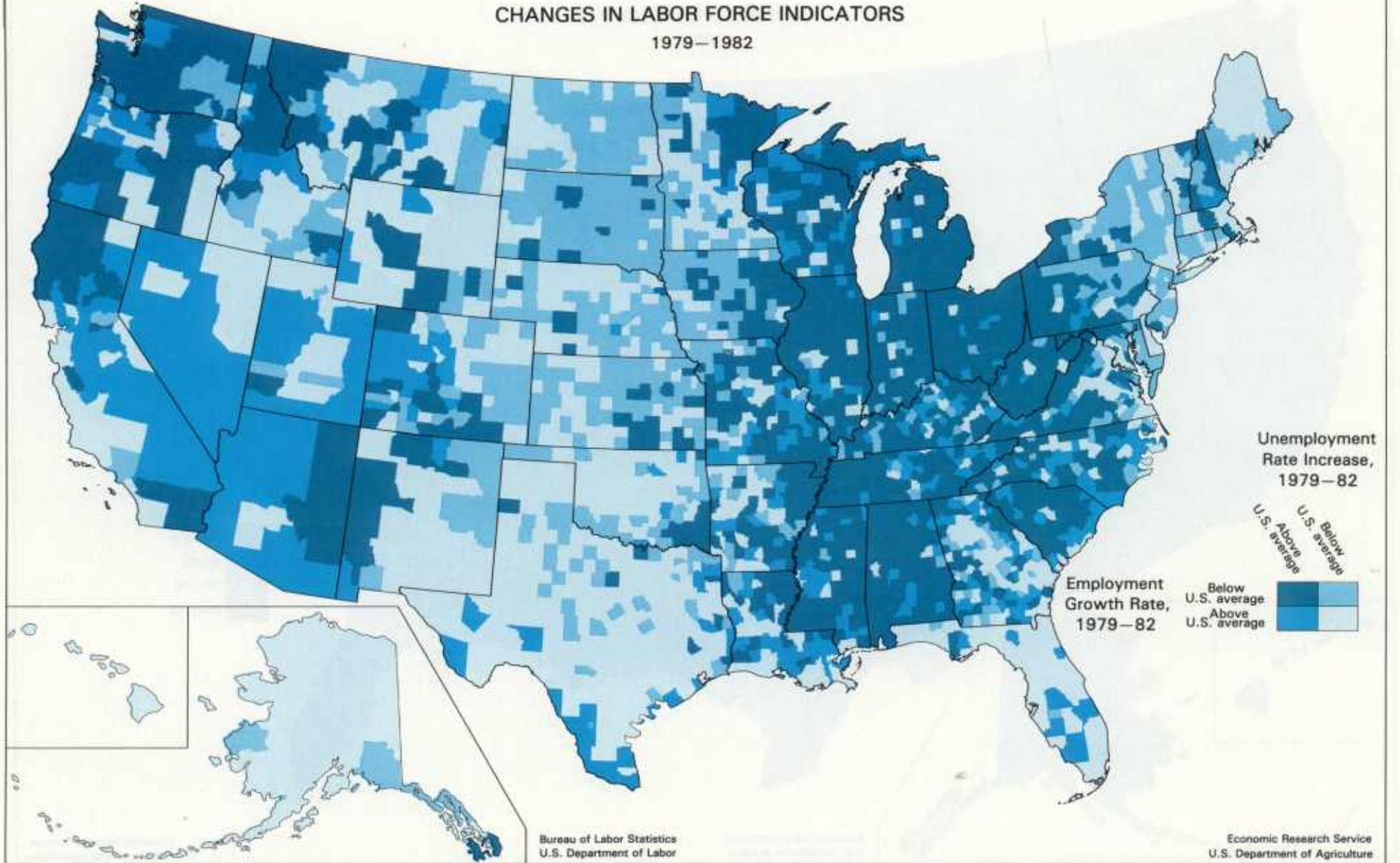
Map 3

UNEMPLOYMENT RATE  
1982



Map 4

CHANGES IN LABOR FORCE INDICATORS  
1979-1982



from adjustments in all other farm counties. The northern Plains counties are different in the sense that agriculture dominates economic activity and few other employment alternatives exist. A sharp reduction in economic opportunities in these counties during the 1979-82 period was reflected in a 2.8-percent decline in employment and a 0.9-percent decline in the labor force (fig. 7). By contrast, in other farm counties, employment declined only 0.4 percent and the labor force, instead of declining, increased 4.5 percent.

Since the northern Plains farm economy is not as closely tied to the national economy as are the economies of other farm areas, the decline in employment opportunities in the northern Plains has to be attributed mostly to the decline of the agribusiness sector between 1979 and 1982, which was brought on largely by stagnating or declining farm commodity prices and rising farm input prices.

Even though there was less economic growth in northern Plains farm counties than in other farm counties during the 1979-82 period, the unemployment rate increased only 1.8 percentage points there compared with 4.4 percentage points in other farm counties. Only 7.9 percent of the northern Plains farm counties had an increase in the unemployment rate during the recession that exceeded the national average increase, compared with 33.8 percent for all farm counties.

In the northern Plains, many persons who lost their jobs apparently dropped out of the labor force while others may have moved out of the area in search of employment. And still others of

working age may have been discouraged from looking for work at all.

The relatively small increases in unemployment rates in the northern Plains farm counties need to be placed in perspective. Because a large proportion of workers in these counties are self-employed, unemployment rates in the northern Plains have traditionally been stable and extremely low, averaging around 3 percent. Changes in the demand for labor in these counties frequently show up as reduced hours of work—that is, underemployment—rather than as changes in unemployment. This means that small changes in the unemployment rate reflect far greater changes in the use of labor in the northern Plains counties than they do in other areas. Thus, it is particularly necessary to look at several labor force indicators when evaluating changes in economic conditions in the northern Plains farm counties.

## Conclusions

Labor force indicators reveal that nonmetro areas did not participate as fully as metro areas in the 1976-79 expansion in business activity. And, nonmetro areas were harder hit than metro areas by the 1979-82 recession. Employment has been growing more slowly in nonmetro than metro areas since the midseventies. By contrast, in the late sixties and early seventies employment grew faster in nonmetro than metro areas.

Nonmetro areas performed more poorly than metro areas in all regions except the North Central throughout the 1976-82 period. The nonmetro-metro performance gap was especially wide in the South and West. Among nonmetro

areas, less economic growth occurred in farm than in nonfarm counties. And, among farm counties, those in the northern Plains fared less well than did those in other areas. During the 1976-82 period, the northern Plains farm counties experienced no employment growth while farm counties in other areas recorded a 4.5-percent increase in employment.

Changes in the unemployment rate did not fully reflect the deterioration in economic conditions in farm counties, especially those located in the northern Plains. A more complete picture of economic adjustment in these counties emerges when the changes in the unemployment rate are supplemented by data on employment changes.

Differences in labor force performance varied much more by region than by metro and nonmetro status during the 1976-82 period. During the 6-year period, economic conditions deteriorated most in the North Central region and held up best in the West. Labor force indicators for the Northeast and South, however, were mixed, revealing the inadequacy of using a single labor force indicator to assess economic change. Although the Northeast's employment growth lagged behind growth in the Nation as a whole, the Northeast was the only region in which the unemployment rate declined during the 6-year period. However, this decline may have resulted from a large exodus of discouraged job seekers from the labor force. On the other hand, the South had above-average employment growth but an above-average increase in the rate of unemployment as more persons entered the labor force than the employment growth could accommodate. Labor market conditions in the North Central region declined more in relation to

other regions during the 1979-82 period of economic stagnation than during the 1976-79 upturn. Nevertheless, signs of economic distress in the North Central region emerged well before the 1979-82 cyclical decline. The eastern manufacturing belt of the North Central region, the East North Central States, was much more severely affected during the recession than the West North Central States. And in the South, the East South Central States were more seriously affected than the South Atlantic or the West South Central States.

The study has two major implications for public policy. First, during a cyclical decline in economic activity or during a period of slow secular growth, larger disparities in economic well-being are likely to develop among regions than between nonmetro and metro areas. Thus, changes in national fiscal or monetary policy to counteract or smooth the business cycle may be more effective in reducing economic inequities among regions than between nonmetro and metro areas. Labor force indicators in farm counties remote from metropolitan influence may be less affected by changes in macroeconomic policy than by climatic conditions, international trade, and agricultural policy.

Second, the comparatively weak economic performance of nonmetro areas throughout the 1976-82 period raises the question of whether the relatively strong nonmetro growth of the late sixties and early seventies was just a temporary phenomenon rather than the beginning of a long-term trend. If nonmetro areas have in fact reverted to their earlier pattern of relatively slow growth, rural development policy may have to focus more attention on expanding economic op-

portunities or on helping rural areas better adjust to slower growth.

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**Appendix table 1—Civilian labor force, employment, and unemployment rate by area and type of county**

Area and type of county	Number of counties	Civilian labor force			Employment			Unemployment rate <sup>1</sup>		
		1976	1979	1982	1976	1979	1982	1976	1979	1982
		-----Thousands-----						-----Percent-----		
United States	3,140	96,114	104,993	110,117	88,741	98,912	99,435	7.7	5.8	9.7
Metro	647	70,713	77,418	81,343	65,170	73,039	73,816	7.8	5.7	9.3
Nonmetro	2,493	25,400	27,575	28,774	23,571	25,873	25,619	7.2	6.2	11.0
Farm	781	3,759	3,960	4,105	3,540	3,740	3,712	5.8	5.6	9.6
Northern Plains	212	583	599	593	566	581	565	3.0	2.9	4.7
Other	569	3,175	3,361	3,512	2,974	3,158	3,147	6.3	6.0	10.4
Nonfarm	1,712	21,642	23,615	24,669	20,031	22,134	21,907	7.4	6.3	11.2
Northeast	217	21,829	23,019	23,514	19,770	21,500	21,407	9.4	6.6	9.0
Metro	101	18,812	19,777	20,183	17,039	18,486	18,427	9.4	6.5	8.7
Nonmetro	116	3,017	3,243	3,331	2,731	3,014	2,980	9.5	7.1	10.5
North Central	1,054	26,169	28,093	28,478	24,435	26,551	25,318	6.6	5.5	11.1
Metro	181	18,051	19,388	19,655	16,817	18,323	17,436	6.8	5.5	11.3
Nonmetro	873	8,118	8,705	8,823	7,619	8,229	7,882	6.2	5.5	10.7
South	1,425	30,483	33,659	36,302	28,427	31,857	33,030	6.7	5.4	9.0
Metro	300	19,740	22,047	23,993	18,425	20,948	22,071	6.7	5.0	8.0
Nonmetro	1,125	10,743	11,612	12,309	10,003	10,910	10,459	6.9	6.0	11.0
West	444	17,632	20,222	21,823	16,108	19,003	19,680	8.6	6.0	9.8
Metro	65	14,110	16,207	17,512	12,890	15,282	15,882	8.6	5.7	9.3
Nonmetro	379	3,522	4,015	4,311	3,218	3,721	3,798	8.6	7.3	11.9

<sup>1</sup>Based on unrounded numbers.

Source: (24).

**Appendix table 2—Change in civilian labor force, employment, and rate of unemployment by area and type of county**

Area and type of county	Percentage change						Percentage point change in unemployment rate <sup>1</sup>		
	Civilian labor force			Employment			1976-82	1976-79	1979-82
	1976-82	1976-79	1979-82	1976-82	1976-79	1979-82			
	----- Percent -----						----- Percentage points -----		
United States	14.6	9.2	4.9	12.1	11.5	0.5	2.0	-1.9	3.9
Metro	15.0	9.5	5.1	13.3	12.1	1.1	1.5	-2.1	3.6
Nonmetro	13.3	8.6	4.3	8.7	9.8	-1.0	3.8	-1.0	4.8
Farm	9.2	5.4	3.7	4.9	5.6	-0.7	3.8	-0.2	4.0
Northern Plains	1.6	2.6	-0.9	-0.1	2.8	-2.8	1.7	-0.1	1.8
Other	10.6	5.9	4.5	5.8	6.2	-0.4	4.1	-0.3	4.4
Nonfarm	14.0	9.1	4.5	9.4	10.5	-1.0	3.8	-1.1	4.9
Northeast	7.7	5.5	2.2	8.3	8.8	-0.4	-0.4	-2.8	2.4
Metro	7.3	5.1	2.1	8.1	8.5	-0.3	-0.7	-2.9	2.2
Nonmetro	10.4	7.5	2.7	9.1	10.4	-1.1	1.0	-2.4	3.4
North Central	8.8	7.4	1.4	3.6	8.7	-4.6	4.5	-1.1	5.6
Metro	8.9	7.4	1.4	3.7	9.0	-4.8	4.5	-1.3	5.8
Nonmetro	8.7	7.2	1.4	3.5	8.0	-4.2	4.5	-0.7	5.2
South	19.1	10.4	7.9	16.2	12.1	3.7	2.3	-1.3	3.6
Metro	21.5	11.7	8.8	19.8	13.7	5.4	1.3	-1.7	3.0
Nonmetro	14.6	8.1	6.0	9.6	9.1	.4	4.1	-0.9	5.0
West	23.8	14.7	7.9	22.2	18.0	3.6	1.2	-2.6	3.8
Metro	24.1	14.9	8.0	23.2	18.6	3.9	.7	-2.9	3.6
Nonmetro	22.4	14.0	7.4	18.0	15.6	2.1	3.3	-1.3	4.6

<sup>1</sup>Computed from last three columns of app. table 1.

Source: (24).

**Appendix table 3—Percentage of counties with unemployment rate changes and employment changes greater than the U.S. average change**

Area and type of county	Percentage of counties with unemployment rate changes larger than the U.S. average <sup>1</sup>			Percentage of counties with employment growth above the U.S. average		
	1976–82	1976–79	1979–82	1976–82	1976–79	1979–82
	<i>Percent</i>					
United States	60.8	26.4	50.4	36.8	37.5	41.4
Metro	52.6	39.1	46.7	58.0	56.9	52.9
Nonmetro	62.9	23.1	51.3	31.3	32.5	38.4
Farm	52.4	10.8	33.8	20.1	16.5	39.7
Northern Plains	35.6	2.8	7.9	16.1	18.3	33.4
Nonfarm	67.8	28.7	59.3	36.4	39.7	37.9
Northeast	27.6	65.4	28.1	37.2	36.4	33.2
Metro	21.8	68.3	21.8	41.6	37.6	39.6
Nonmetro	32.8	62.9	33.6	33.6	35.3	27.6
North Central	68.7	15.7	52.8	20.7	27.4	25.4
East North Central	92.2	25.0	90.4	21.6	34.2	14.9
West North Central	52.1	9.2	26.2	20.1	22.7	32.8
Metro	85.1	32.0	75.1	39.2	45.9	21.5
Nonmetro	65.3	12.4	48.1	16.8	23.6	26.2
South	61.5	26.0	53.5	42.5	39.4	49.6
South Atlantic	56.9	41.3	54.8	42.0	42.0	46.5
East South Central	98.4	7.7	86.5	23.1	31.9	26.4
West South Central	38.7	21.1	26.4	58.1	42.1	71.5
Metro	46.7	31.0	38.7	69.0	64.3	70.3
Nonmetro	65.4	24.7	57.5	35.4	32.8	44.1
West	56.1	33.6	45.3	56.5	55.6	57.0
Metro	36.9	50.8	43.1	84.6	83.1	80.0
Nonmetro	59.4	30.6	45.6	51.7	50.9	53.0

<sup>1</sup>Counties with above average increases in 1976–82 and 1979–82 and above average decreases in 1976–79.

Source: (24).

**Appendix table 4—Percentage of counties in which economic conditions deteriorated more than in the Nation as a whole, 1979–82**

Region, State, and type of county	Unfavorable changes in unemployment rate and employment <sup>1</sup>	Only unfavorable unemployment rate change <sup>2</sup>	Only unfavorable employment change <sup>3</sup>	One or both changes unfavorable <sup>4</sup>
	<i>Percent</i>			
United States	38.3	12.0	20.3	70.6
Metro	33.7	13.0	13.4	60.1
Nonmetro	39.6	11.8	22.0	73.4
Farm	25.9	7.9	34.4	68.2
Northern Plains	2.8	0	61.8	64.6
Other	34.4	10.9	24.3	69.6
Nonfarm	45.8	13.5	16.4	75.7
Northeast	26.3	1.8	40.6	68.7
Metro	19.8	2.0	40.6	62.4
Nonmetro	31.9	1.7	40.5	74.1
New England	16.4	3.0	29.9	49.3
Maine	0	0	43.8	43.8
New Hampshire	60.0	20.0	20.0	100.0
Vermont	21.4	0	14.3	35.7
Massachusetts	14.3	0	7.1	21.4
Rhode Island	0	0	60.0	60.0
Connecticut	0	0	62.5	62.5
Middle Atlantic	30.7	1.3	45.3	77.3
New York	17.7	0	51.6	69.3
New Jersey	4.8	0	71.4	76.2
Pennsylvania	50.7	3.0	31.3	85.0
North Central	46.2	6.5	28.4	81.1
Metro	68.0	7.2	10.5	85.7
Nonmetro	41.7	6.4	32.1	80.2
East North Central	81.4	8.9	3.7	94.0
Ohio	92.0	5.7	1.1	98.8
Indiana	81.5	1.1	12.0	94.6
Illinois	80.4	8.8	2.0	91.2
Michigan	89.2	6.0	0	95.2
Wisconsin	60.6	26.8	2.8	90.2
West North Central	21.4	4.9	45.8	72.1

See footnotes at end of table.

Continued

**Appendix table 4—Percentage of counties in which economic conditions deteriorated more than in the Nation as a whole, 1979-82—Continued**

Region, State, and type of county	Unfavorable changes in unemployment rate and employment <sup>1</sup>	Only unfavorable unemployment rate change <sup>2</sup>	Only unfavorable employment change <sup>3</sup>	One or both changes unfavorable <sup>4</sup>
	<i>Percent</i>			
North Dakota	0	0	64.2	64.2
South Dakota	9.1	0	81.8	91.0
Nebraska	4.3	1.1	46.2	51.6
Kansas	13.3	0	53.3	66.6
Minnesota	14.9	8.0	33.3	56.2
Iowa	40.4	0	47.5	87.9
Missouri	47.8	19.1	17.4	84.3
South	38.7	14.9	11.7	65.3
Metro	21.7	17.0	8.0	46.7
Nonmetro	43.2	14.3	12.7	70.2
South Atlantic	40.1	14.7	13.4	68.2
Delaware	0	0	0	0
Maryland	29.2	4.2	45.8	79.2
Virginia	43.4	7.4	18.4	69.2
West Virginia	85.5	3.6	3.6	92.7
North Carolina	47.0	23.0	11.0	81.0
South Carolina	71.7	21.7	0	93.4
Georgia	26.4	18.9	17.0	62.3
Florida	3.0	16.4	3.0	22.4
District of Columbia	0	0	100.0	100.0
East South Central	67.6	19.0	6.0	92.6
Kentucky	52.5	21.7	15.0	89.2
Tennessee	71.6	21.1	2.1	94.8
Alabama	83.6	11.9	1.5	97.0
Mississippi	72.0	18.3	1.2	91.5
West South Central	14.5	11.9	14.0	40.4
Arkansas	44.0	12.0	14.7	70.7
Louisiana	34.4	32.8	3.1	70.3
Oklahoma	7.8	5.2	26.0	39.0
Texas	2.8	8.7	13.0	24.5
West	24.5	20.7	18.5	63.7
Metro	15.4	27.7	4.6	47.7
Nonmetro	26.1	19.5	20.8	66.4
Mountain	19.1	21.6	21.2	61.9
Montana	32.1	8.9	25.0	66.0
Idaho	20.5	13.6	29.5	63.6

See footnotes at end of table.

Continued

**Appendix table 4—Percentage of counties in which economic conditions deteriorated more than in the Nation as a whole, 1979-82—Continued**

Region, State, and type of county	Unfavorable changes in unemployment rate and employment <sup>1</sup>	Only unfavorable unemployment rate change <sup>2</sup>	Only unfavorable employment change <sup>3</sup>	One or both changes unfavorable <sup>4</sup>
	<i>Percent</i>			
Wyoming	13.0	8.7	8.7	30.4
Colorado	17.5	20.6	28.6	66.7
New Mexico	18.8	6.3	28.1	53.2
Arizona	35.7	57.1	0	92.8
Utah	3.4	37.9	10.3	51.6
Nevada	0	76.5	0	76.5
Pacific	33.7	19.3	13.9	66.9
Washington	64.1	7.7	20.5	92.3
Oregon	38.9	27.8	5.6	72.3
California	27.6	32.8	3.4	63.8
Alaska	3.4	0	37.9	41.3
Hawaii	0	0	0	0

Note: During the 1979-82 period, the U.S. unemployment rate increased 3.91 percentage points, and employment increased 0.53 percent.

<sup>1</sup>Counties in which the unemployment rate increase exceeded the U.S. increase, but the employment growth rate did not exceed the U.S. rate.

<sup>2</sup>Counties in which the unemployment rate increase exceeded the U.S. increase, and the employment growth rate exceeded the U.S. rate.

<sup>3</sup>Counties in which the unemployment rate increase did not exceed the U.S. increase, and the employment growth did not exceed the U.S. rate.

<sup>4</sup>Sum of first three columns.

Source: (24).