



# **Rural America in Deep Downturn**

*A RUPRI Rural Economic Update*

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## Rural America in Deep Downturn

The rural economy is now losing jobs at a faster rate than the rest of the nation, with a particularly sharp rural slide over the past two months. Throughout much of 2008, the farm boom apparently forestalled the full effects of the national and global recessions in rural America. More recently, though, the farm boom has waned even as a deep slump in rural manufacturing has worsened. Seasonally adjusted employment data from the Bureau of Labor Statistics show that nonmetropolitan counties lost 3.4 percent of their jobs for the 12 months that ended in January 2009 (the most recent month available), compared with a 2.8 percent drop in metro counties (Chart 1). The steepest drop in rural jobs has occurred just in the past couple of months. The BLS data for January 2009 are still subject to revision. Thus, the especially sharp downturn in rural employment during that month should be viewed with an element of caution.

Last year's farm boom, which pushed net farm income to an all-time record of nearly \$90 billion, appears to be one factor that forestalled the full effects of the nation's recession in rural America, at least for a brief time (Chart 2). Jobs continued to grow in farm-dependent rural counties throughout 2008, with farm areas tilting into recession only over the past few months. Manufacturing-dependent rural counties, on the other hand, have seen jobs tumble throughout the course of the national and global recessions. Jobs in manufacturing-dependent rural counties fell throughout the past year, although the pace of the losses worsened significantly after November.

In recent months, the economic downturn has taken stronger hold in rural areas. As a result, in percentage terms rural America has now lost more jobs than the nation's metro areas. Through January 2009, rural America lost 3.0 percent of its jobs since the recession began in December 2007, compared with a loss of 2.5 percent in metro areas (Chart 3). The global downturn has resulted in a sharp drop in global demand and trade in manufactured products. Rural factories have been especially hard hit. Rural areas dependent on manufacturing have now lost nearly 5 percent of their jobs since the recession began, as compared with around 2 percent in other parts of rural America (Chart 4).

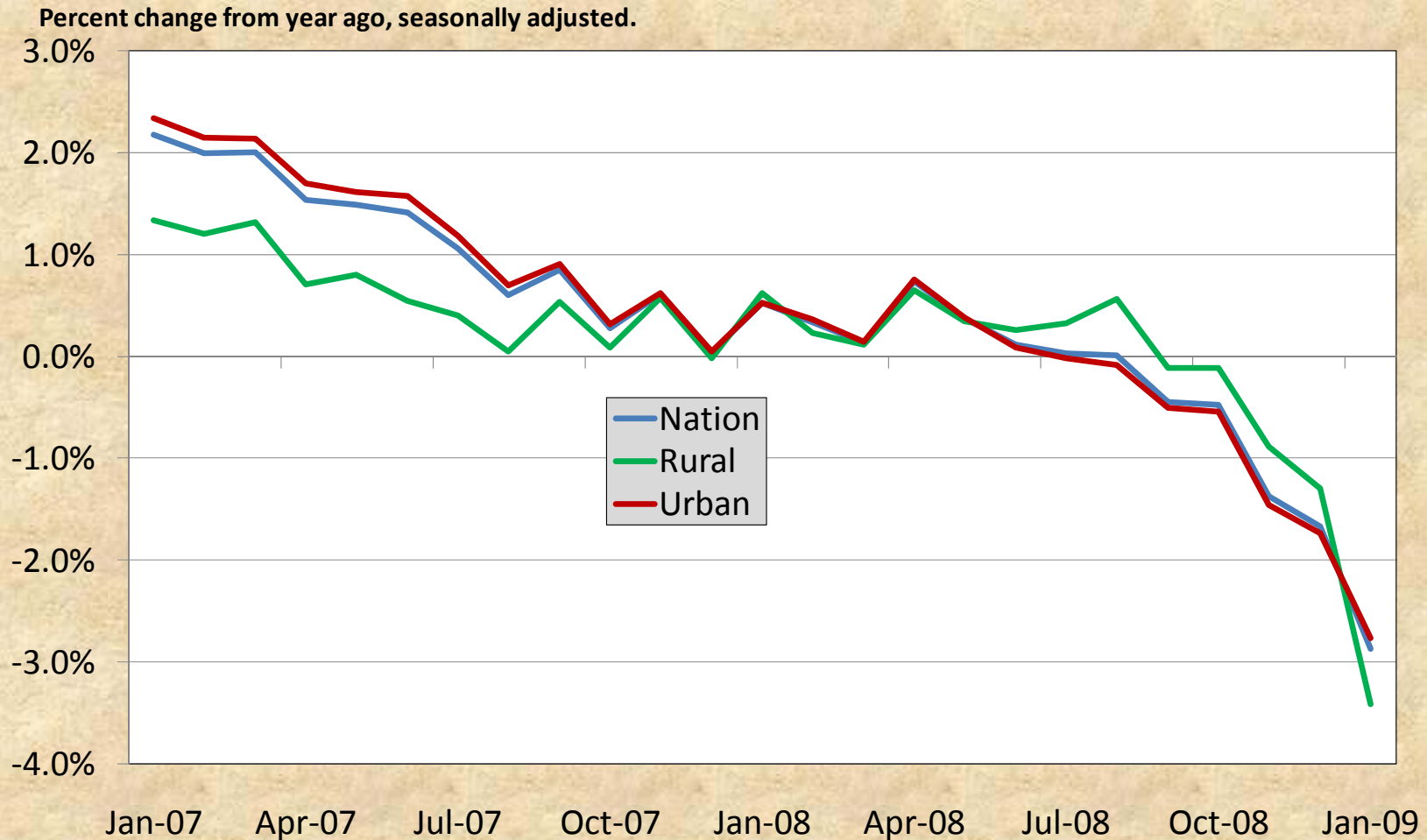
The economic downturn is taking a much bigger toll in rural America than the last two recessions. Job losses since the current recession began now reach about 3 percent for rural America as whole (Chart 5). In the 2001 recession, rural job losses barely topped 1 percent, and in the 1990-91 recession they never came close to approaching that mark. Comparing the current downturn with the last two does provide one encouraging suggestion, however. The past two recessions ended after 8 months, and the 1973/74 and 1981/82 recessions ended after 16 months. If history is a guide, therefore, the end of the current rural downturn may be in sight.

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# Chart 1. Rural America held off recession longer, but is now losing jobs faster than metro areas.

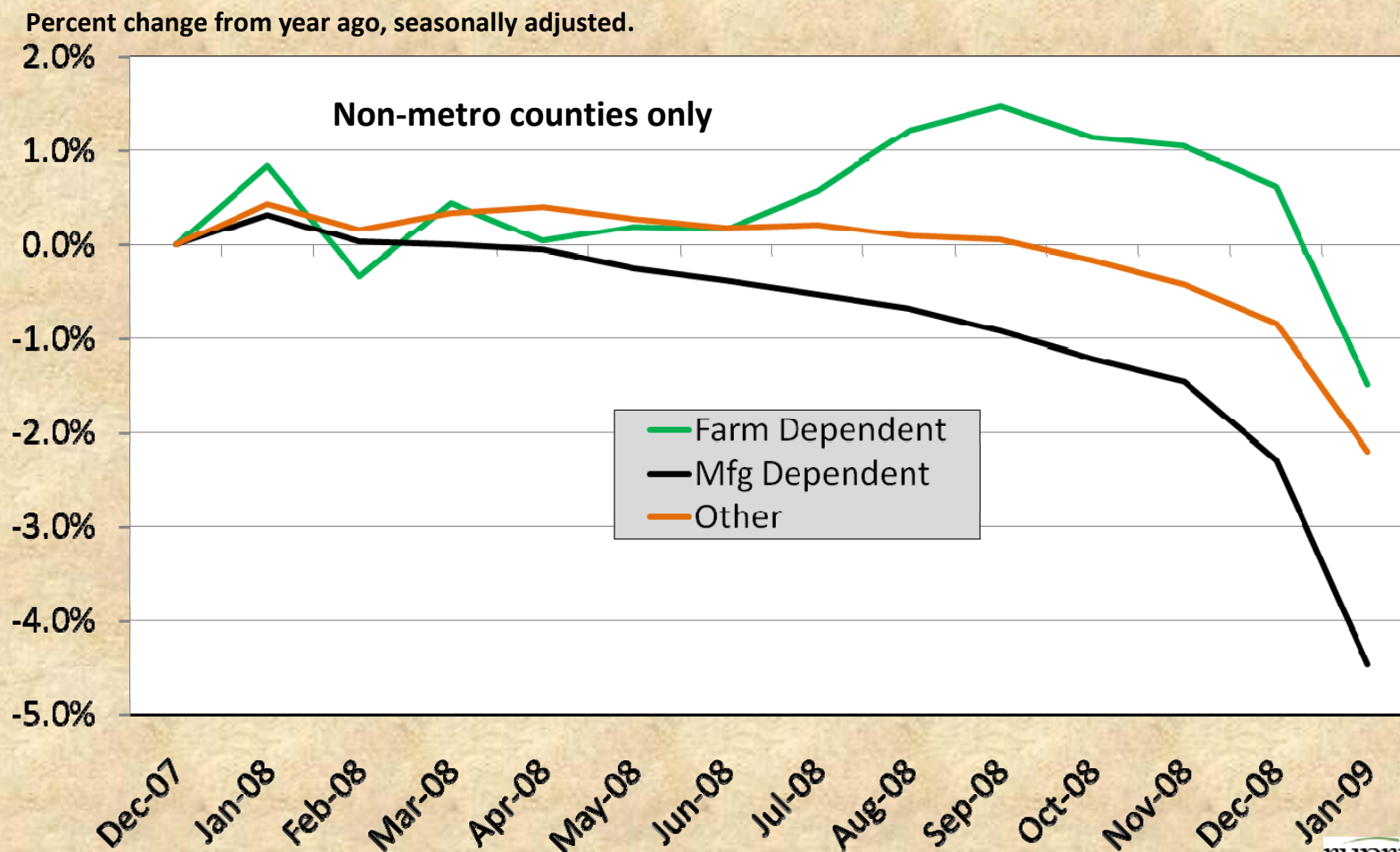


Source: BLS, LAUS data series

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**Chart 2. The farm boom delayed the onset of recession in rural America.  
Rural manufacturing areas turned down much earlier and have incurred steep job losses.**

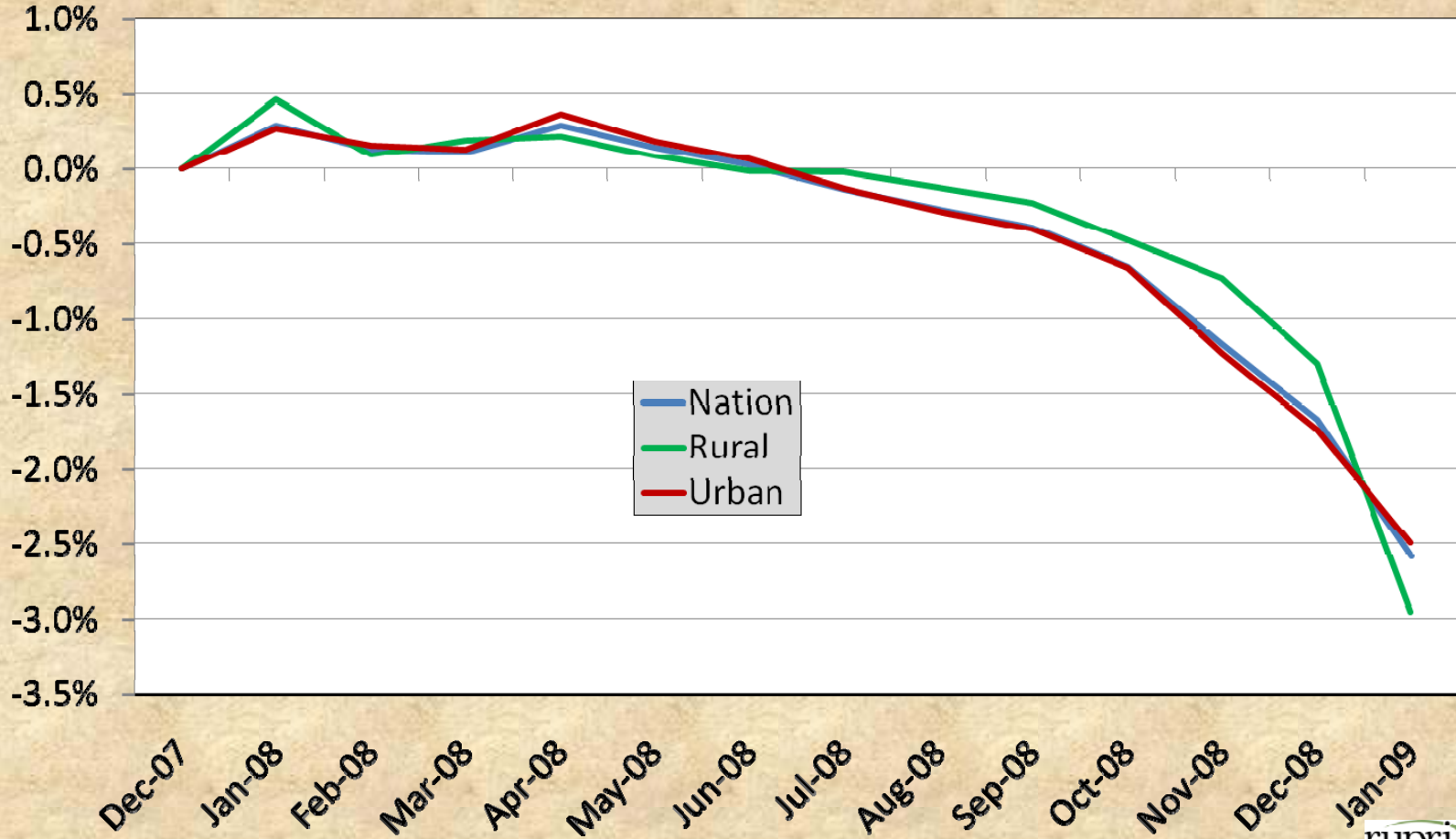


Source: BLS, LAUS data series

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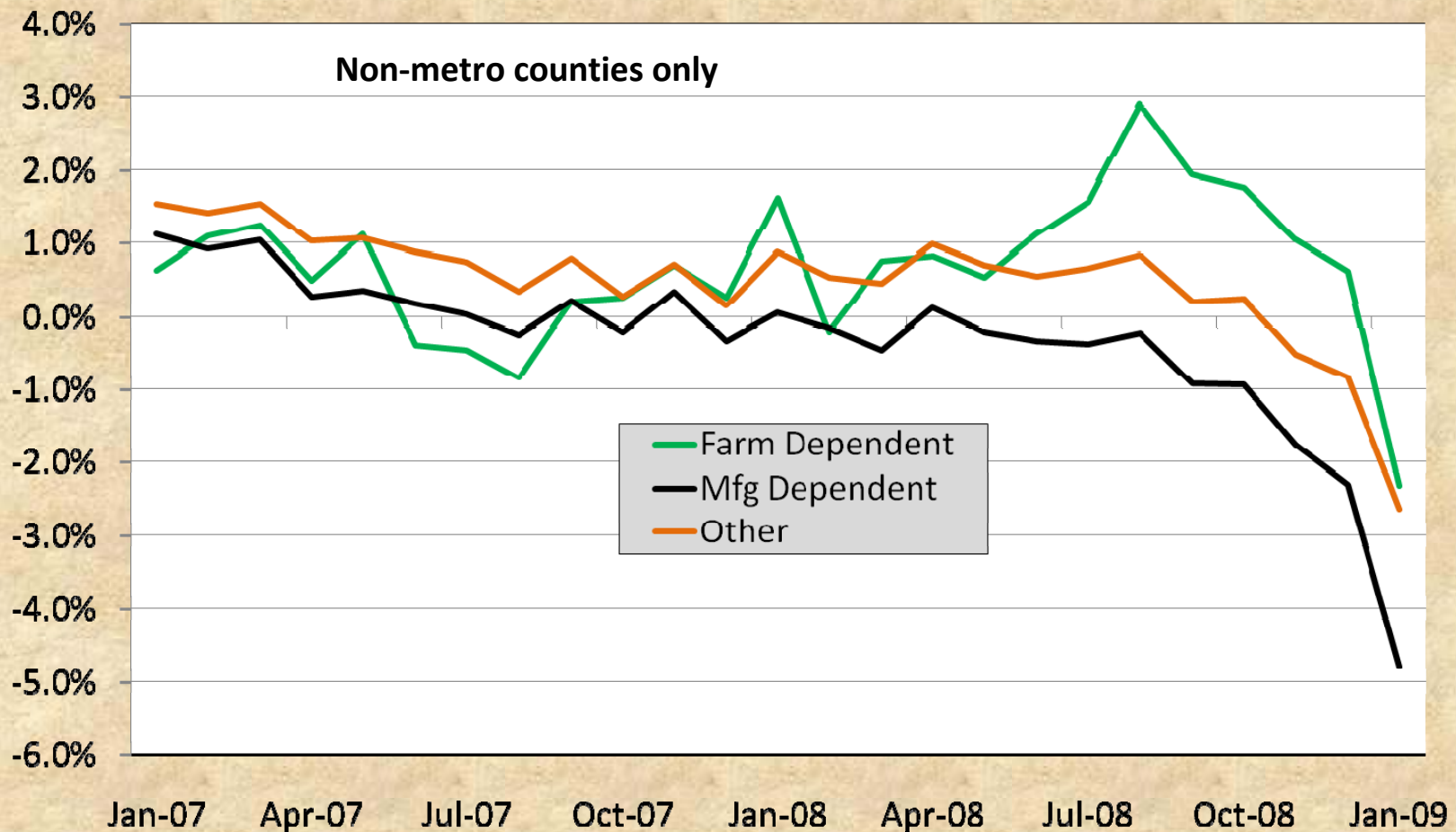


**Chart 3. Rural America has seen a bigger percentage loss in jobs since the recession began.**



Source: BLS, LAUS data series

**Chart 4. Rural manufacturing areas have lost nearly 5 percent of their jobs since the recession began.**



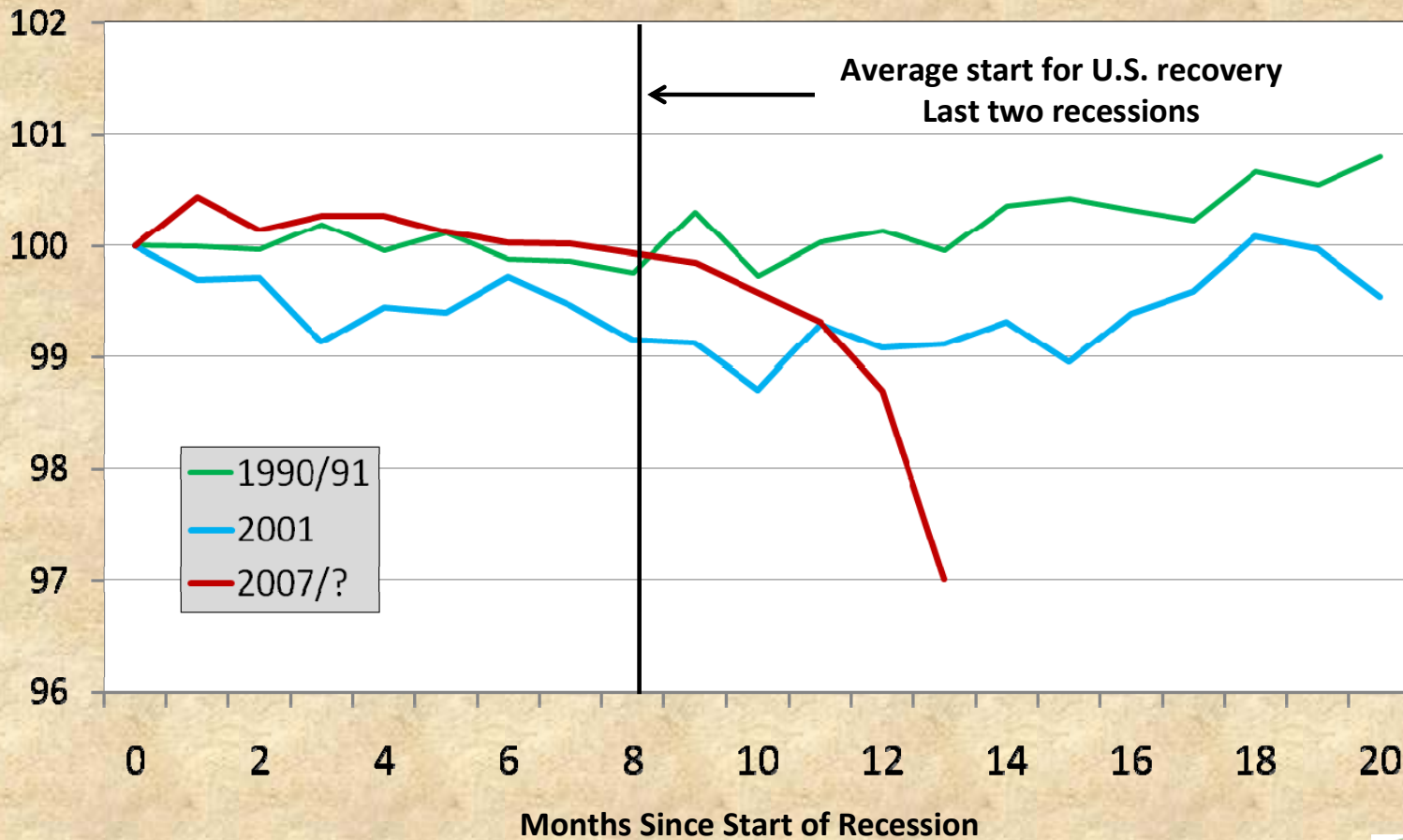
Source: BLS, LAUS data series

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### Chart 5. Rural America suffering more in this recession than in the 1990-91 and 2001 recessions.

Index: Start of recession = 100



Source: BLS LAUS, National Bureau of Economic Research

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