

A PROFILE OF THE SOUTHERN ECONOMY: LIVING STANDARDS, ECONOMIC STRUCTURE, AND LOWER INCOME WORKERS

PREPARED FOR THE
SOUTHERN INSTITUTE ON CHILDREN AND FAMILIES

BY THE
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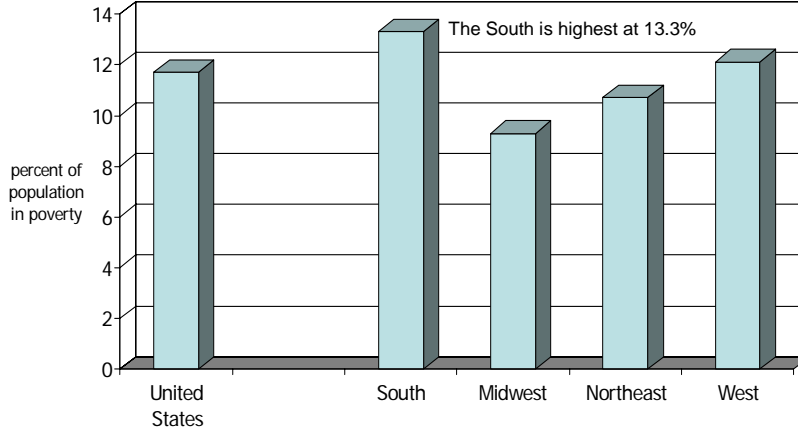
EXECUTIVE SUMMARY

Broad economic indicators generally portray the Southern economy as vibrant and fast growing. According to measures such as employment growth, personal income growth, and unemployment rates, the Southern region does perform very well. Over the last three decades, the South has experienced faster total economic growth than the United States as a whole, and is typically second only to the Western region of the four major regions including the South, Midwest, Northeast and West.

For example, between 1970 and 2002, total personal income in the South grew a total of 1,193 percent while U.S. personal income increased a total of 965 percent. Meanwhile, the Midwest Region saw personal incomes increase by 747 percent over the same period. Likewise, total employment in the South increased by 106 percent between 1970 and 2000, compared with 83.3 percent for the entire United States.

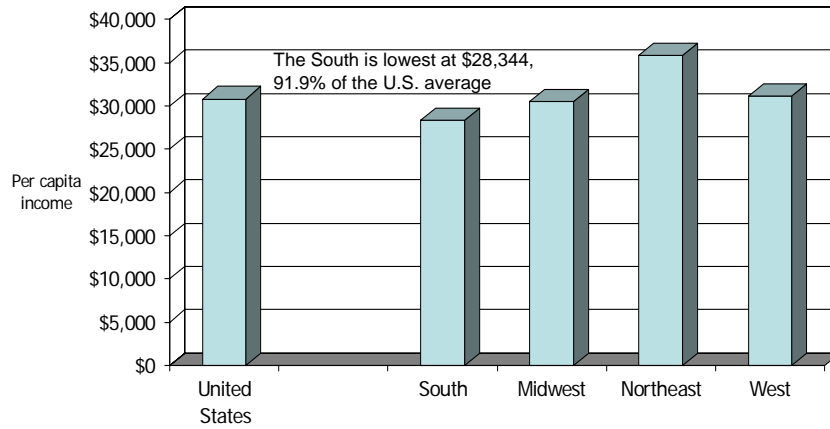
These numbers are important; they indicate strong improvement in the Southern economy over a long period of time. Yet, these broad economic indicators do not tell the whole story. Behind this record of rapid economic growth lies other statistics that portray the South as being last in the nation in terms of many different measures of living standards. Southern poverty rates are the highest in the nation. Southern per capita incomes and average wages are the lowest in the nation.

Individual Poverty Rates by Region, 2001



Calculated from the Bureau of Labor Statistics and Census Bureau's Annual Demographic Survey, 2002

Per Capita Income Levels by Region, 2002



Calculated from data provided by the U.S. Bureau of Economic Analysis for 2002

Improvements are being made, but the South is home to a greater prevalence of lower income workers than the United States as a whole. Health insurance coverage rates are lower in the South than the national average. Labor turnover rates are higher in the South than the national average. There are many statistics that reveal that, despite the economic gains over the last three decades, the Southern economy is still struggling to ‘catch up’ in the sense that material living standards remain lower in the South than the rest of the country.

The purpose of this report is to synthesize many different types of data to uncover what the statistics have to say about the Southern economy. The emphasis is on exploring the underlying factors explaining the South’s lower level of living standards, developing a profile of lower income workers in the South, and considering long-term structural changes in the economy that will affect the future for the Southern economy and its lower income population.

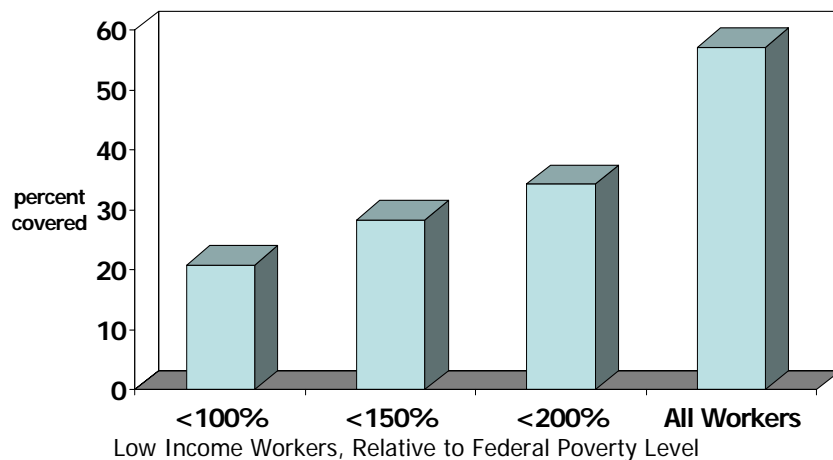
The goal of the full report is to present the facts about the Southern economy. The intent is not to serve as an encyclopedia of all available facts and figures – there are certainly more data available than are given here. Also, there are features of the Southern economy that should be explored but for which data simply do not exist. In other words, this report represents one distillation of the available data for the purpose of providing a profile of an economy that has made gains, but in which a large portion of the population continues to face obstacles in improving material well-being.

The findings of this report include, for example:

- Per capita income in the South stands at 91.9 percent of the national average, with only four northernmost border states posting per capita income greater than the U.S. average.
- Low per capita income is not just a rural problem; the South’s metropolitan areas also trail the average metropolitan area in the U.S.
- The South’s generally low unemployment rate is misleading because it is affected by lower than average labor force participation. The six lowest rates of labor force participation in the U.S. are all in the South.

- One out of five Southern workers lives below 200% of the official poverty cutoff.
- More than one out of four low income workers in the South work in retail trade – an industry with high turnover and low rates of health insurance coverage.
- About one out of sixty low income workers in the South work for the government – an employer offering low rates of turnover and high rates of health insurance coverage.
- More than 40 percent of low income workers are employed by very small firms where benefits are generally scarce.
- The loss of manufacturing jobs across the South over the last 30 years has diminished the availability of stable jobs with good wages and benefits at even relatively low rates of educational attainment.
- The rapid growth of outsourcing and temporary help usage may impair lower income workers from finding stable employment. Temporary work is a positive when providing a bridge to permanent placement, but not when temporary work is an ongoing arrangement.

Employer Provided Health Insurance: Coverage Rates for Southern Workers by Income Level



Calculated from the Bureau of Labor Statistics and Census Bureau's Annual Demographic Survey, 2002

The goal of the report is to present and discuss an array of indicators of the Southern economy. This objective look at the numbers and discussion of the Southern economy can serve as an ingredient in plans that look ahead to the future of the South and the future of the South's low income population. As private and public institutions work with leaders and policymakers to try to effect changes in the region, it is vital to have a sound basis for the arguments. Hopefully, this report will work towards serving that purpose.

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