

THE IOWA SCENE - 1970^{1/}

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The Iowa scene is, first of all, not a homogeneous picture. It is a mixture of changes that add up to a total, but the division of this total by 99 does not give a very good picture of any of the single counties. Even less does the division of the total by 940 give a very useful picture of any single trade territory in the state.

The state does not operate very much as an integrated economy, but is more nearly a collection of about 15 multi-county economies within which individuals roam widely as they choose whether to buy and where to buy. Most of these economies center around a major city.

On the other hand, Iowa is a political unit and all its people and communities and institutions are subject to the same set of political or legal rules. These rules cover matters which society has decided must be carefully regulated and where free choice must be restricted with respect to paying the cost and/or using the service. The pooling of funds for many purposes at the state level gives us at least sufficient reason to look at the state economy as a whole.

At the other extreme it does no harm to recognize that in matters where face to face contacts seem to be important the strongest identification with a "community" is still at the local town level. In most cases the local town has long since ceased to provide a full inventory of the goods and services which people expect to have available for their selection or on stand-by status for emergencies. At the limit of low inventory of goods and services we can think of pure residence clusters which exist as suburban neighborhoods around larger cities and which may also be approached by some of our smaller towns in the 1970's.

There is not time here to describe the whole range of small town situations, but a few words might be said about them before we go on to consider the state and its areas. Much has been said about "dying towns", and most of it is true if death is interpreted as a retreat from a full service retail center. However, as residence locations, incorporated towns have shown a remarkable persistence on the Iowa scene. Figures 1, 2 and 3 illustrate this persistence over the 40 year period from 1920 to 1960, and I am not at all sure that the 1970 census count will change the picture very much.

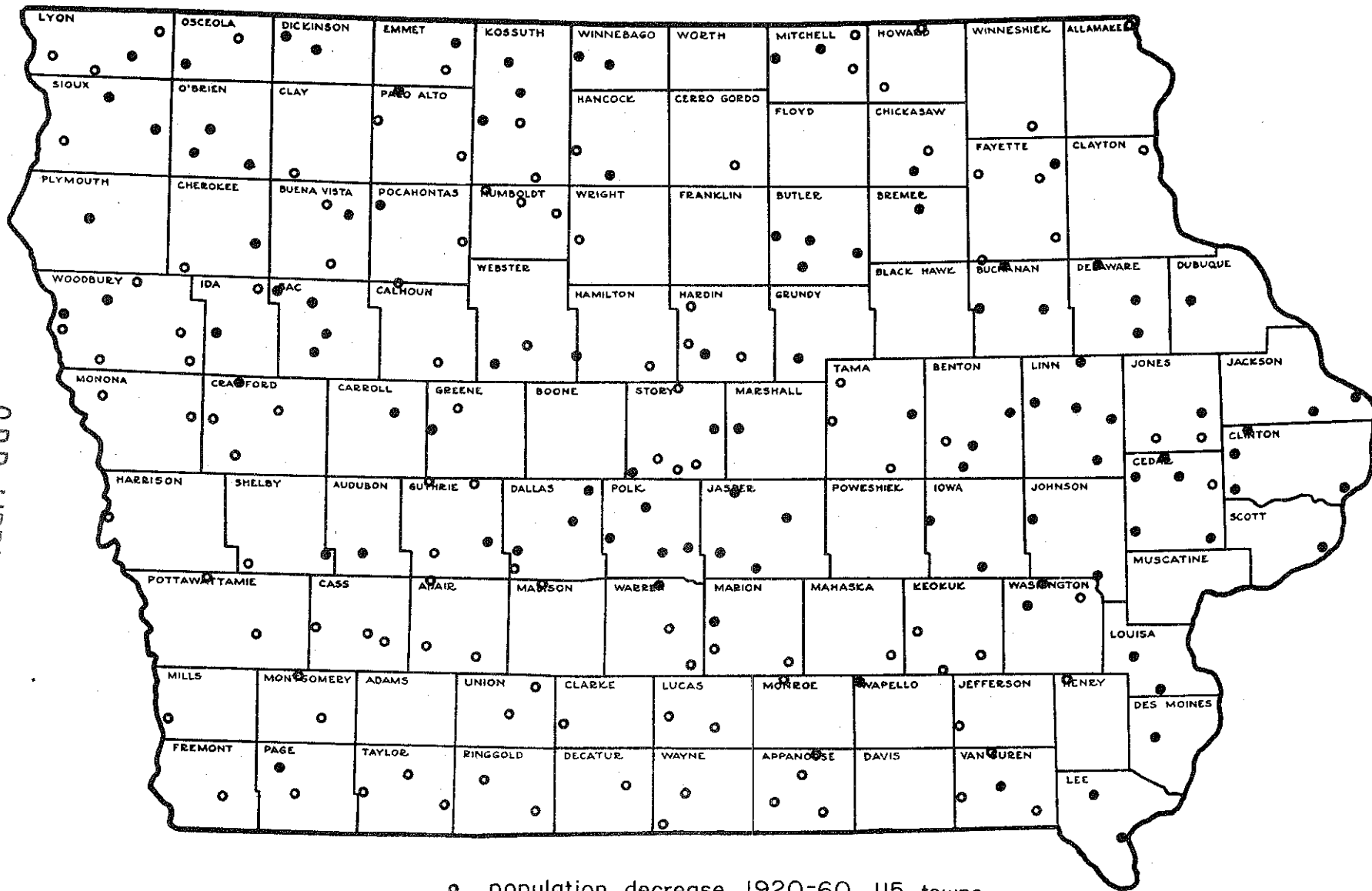
Of all the towns which were between 500 and 1,000 population in 1920 approximately 46 percent had a larger population by 1960. The total population of all of these towns combined did not change appreciably. A glance at the map of Figure 1 will reveal area differences. Southern, particularly southwestern, towns of this group almost all declined.

^{1/} A paper prepared for presentation at the Workshop for Iowa School Superintendents, June 8, 1970.

Figure 1

Population Change of Towns

SIZE 500-999 in 1920



○ population decrease 1920-60, 115 towns

● population increase 1920-60, 106 towns

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Figure 2

Population Change of Towns

SIZE 1000-1999 in 1920

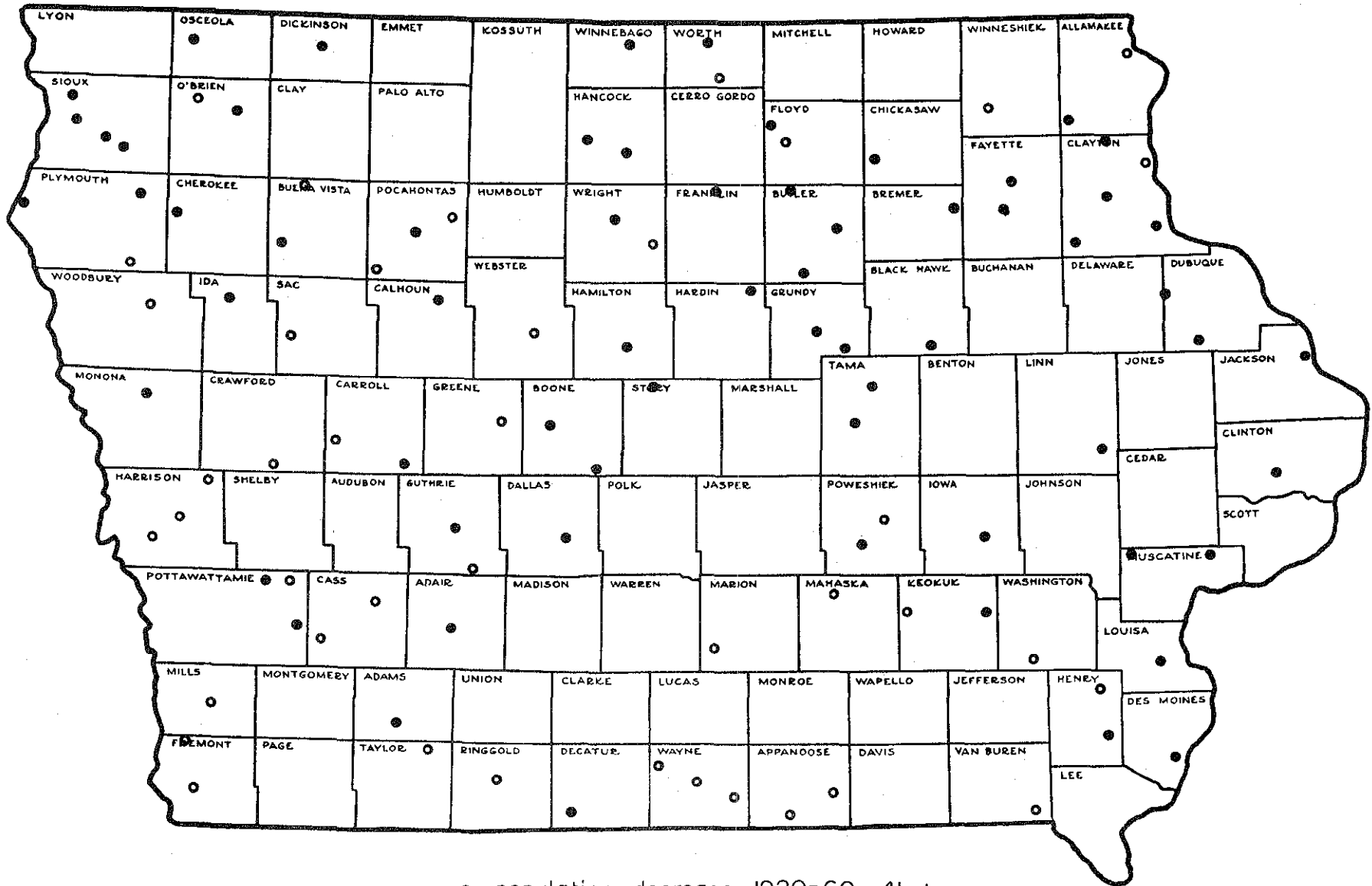
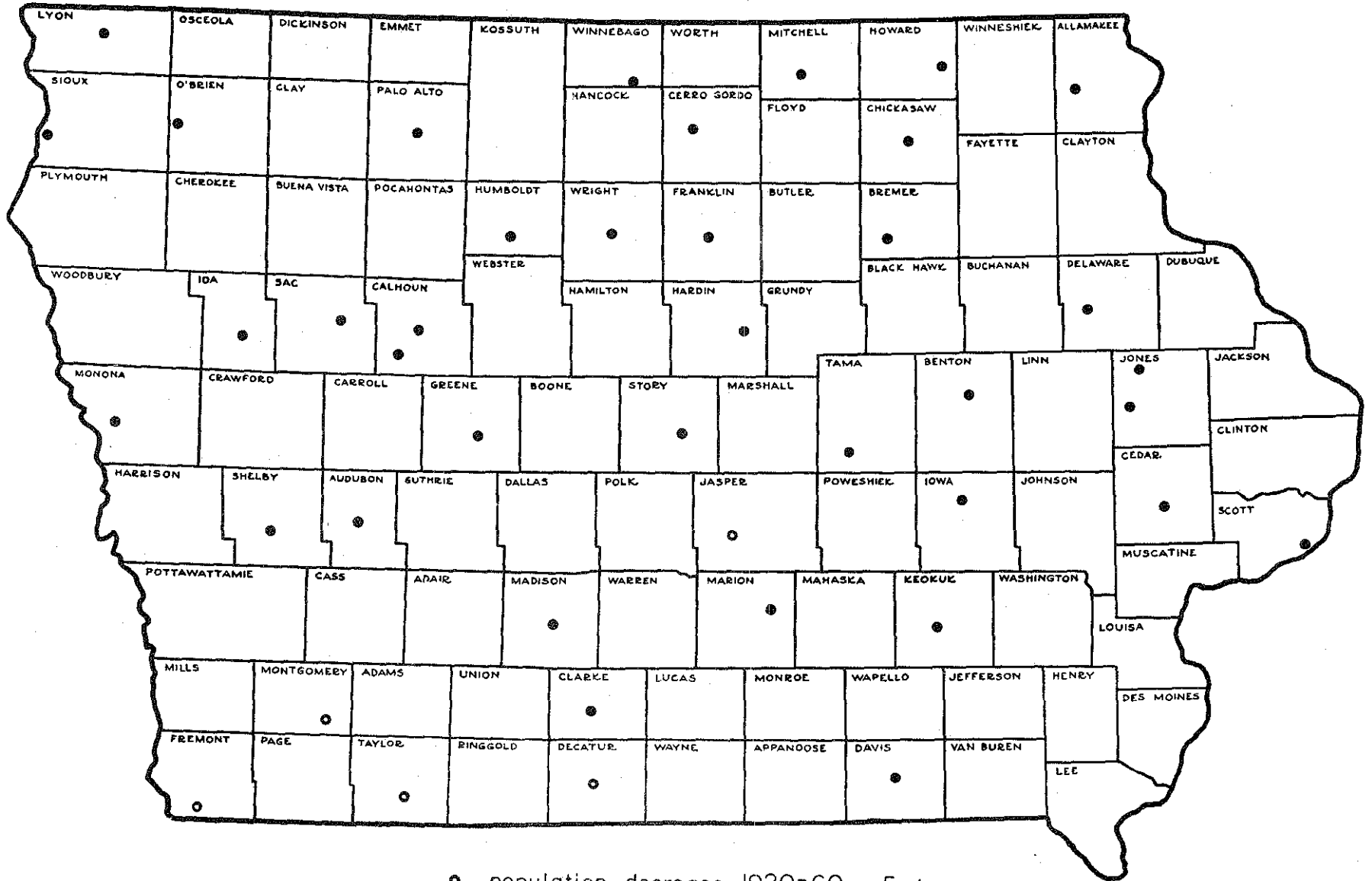


Figure 3

Population Change of Towns

SIZE 2000-3500 in 1920



• population decrease 1920-60, 5 towns

○ population increase 1920-60, 37 towns

In the towns that were between 1,000 and 2,000 population in 1920 (see Figure 2) the picture is more on the growth side with 60 percent of these having increased over the 40 year period. The next larger size group of 2,000 to 3,500 population shows growth in all except five over the 40 years. Many of this latter group are county seat towns of the more rural counties.

Probably all of the towns shown in Figures 1, 2 and 3 are much different in age distributions and business characteristics as compared to their 1920 status. Retired people make up a larger part of the population, and it is possible that younger families are also numerous in many of the towns. Consumerserving businesses are much less active, but agri-business has expanded, often dramatically, in many of these towns. From a dollars standpoint, the main streets of these towns contribute a very small and steadily declining portion of the state's retail activity.

However, institutions which must, to some extent, bring their service to the people apparently will have to continue to plan for ways to serve the populations of these small centers. I am thinking of such things as location of school attendance centers or transportation of students to other centers, ambulance service for medical emergencies and, possibly, one-day stands by doctors, lawyers, dentists, ministers and other professionals.

I would suggest, although I am not at all sure, that many of the small towns will provide an uneven age distribution for the school system with higher numbers of children in the early grades. This could happen if a constantly rotating group of young families use the lower cost housing of small towns during the early years of family life.

Now for a look at the state economy in total. I have chosen to give a picture in terms of employment. I do this largely because employment is a major determinant of population which in turn is a major determinant of the amount of demand for service from many institutions. I recognize that changing income levels and changing tastes can also be important in varying these demands. However, it seems to me that as long as Iowa's borders are not sealed and its citizens are reasonably prepared to fill jobs in other parts of the nation the mechanism of migration tends to keep us in a fairly consistent position in the per-capita income range of the nation. In fact, the major gains in our standing on the per-capita income scale appear to be due mostly to the declining proportion of farm families which are, on the average, low in "reported" income.

As to changing tastes, I would not want to rate my forecasting abilities very highly. I suspect, for example, that with a declining school population, and even without any per-family income change, Iowa people will be willing to spend somewhat more per student on education than in the past, but I have no idea how much more.

I do think that there should be a few more dollar measures and indexes of output in this description. However, this has just not been done well enough on a basis that is consistent over all sectors for the Iowa economy. Employment is more nearly the common measure of change even though it also has weaknesses, because of differing wage scales, differing male-female proportions and possible mis-allocations to full-time sector equivalents when two or more partial jobs are held by many employees.

My prediction for the future is fairly simple. I look for the decade of the 1970's to be much like the decade of the 1960's with regard to employment trends in the seven major sectors. To see what I am expecting we can observe Figure 4 which gives the employment record for the major sectors from 1959 through 1967 and the general direction of change from 1967 to 1970.

We note that throughout the 1960's employment in farming declined, probably not as regularly as shown, but approximately in this degree. I will have something to say later about the employment associated with agriculture in a broader definition. There may be some differences of opinion among agricultural economists as to the degree of decline expected in the future, but I believe an average estimate is that it will continue at about its past rate at least for the next 10 years. It may be that the farm employment decline would be even more rapid if, at any one time, there were not a considerable amount of land in hands of older farmers who are not going to leave the occupation until they reach retirement age.

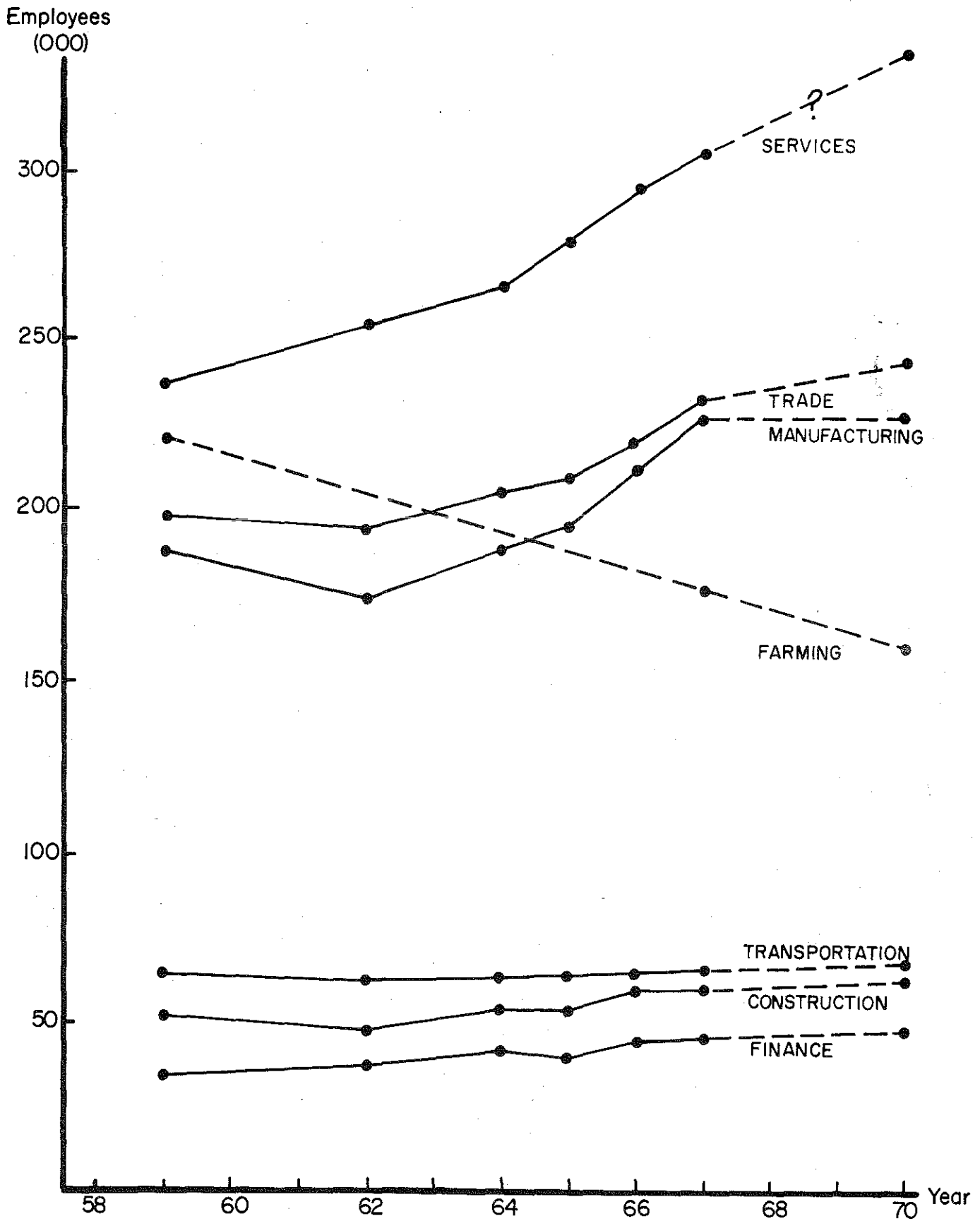
The farming sector is one where it would be helpful to have an index of actual output to indicate its changes in this measure. Without question it is a growing industry over time in terms of bushels of grain and pounds of meat produced. Most of these products are exported beyond the state borders and, therefore, farming is a major export industry, and its products bring in a large part of the dollars that Iowa citizens need if they are to buy imports from the rest of the nation and the world to use as part of our standard of living.

The manufacturing sector is the other major exporter of products to the outside. Employment in this industry more nearly parallels changes in volume of output, although output per employee also increases steadily over time. The Iowa economy was not gaining in manufacturing employment during the early part of the past decade. Then about 1962 or perhaps 1963 an upturn occurred which lasted until sometime in 1967. I believe that many economists would say that this upturn resulted from the growing level of demand in the nation for materials for the space and war efforts and also, for civilian uses. Similarly the plateau which we apparently reached in manufacturing employment in 1967 or 1968 followed the efforts of national authorities to slow down the economy by reducing the level of aggregate demand. Iowa manufacturing has felt the effects of relatively reduced needs for the war effort and space programs and for consumer related products generally. In fact, I would have expected that we would have shown more of a decrease than has occurred to date in our manufacturing employment. If we assume that the efforts to slow the economy for inflation control purposes are to continue for a year or two in this decade, as I expect they will, we can look for a downturn in our manufacturing level. When a change in direction or an upturn will again occur will be very much affected by the trend in the national economy by 1972 or later. Unless a major change occurs in Iowa's general attractiveness as an industrial state, there is no reason to think that we will gain much on our previous share of national manufacturing employment. Eastern Iowa, with its closer proximity to the Chicago industrial complex, is likely to show the major gains when the upturn again presents itself.

Employment in trade and services and the general level of activity of these sectors is heavily influenced by the levels of activity in manufacturing and farming. Manufacturing and farming are largely export industries.

Figure 4

Iowa Employment Estimates

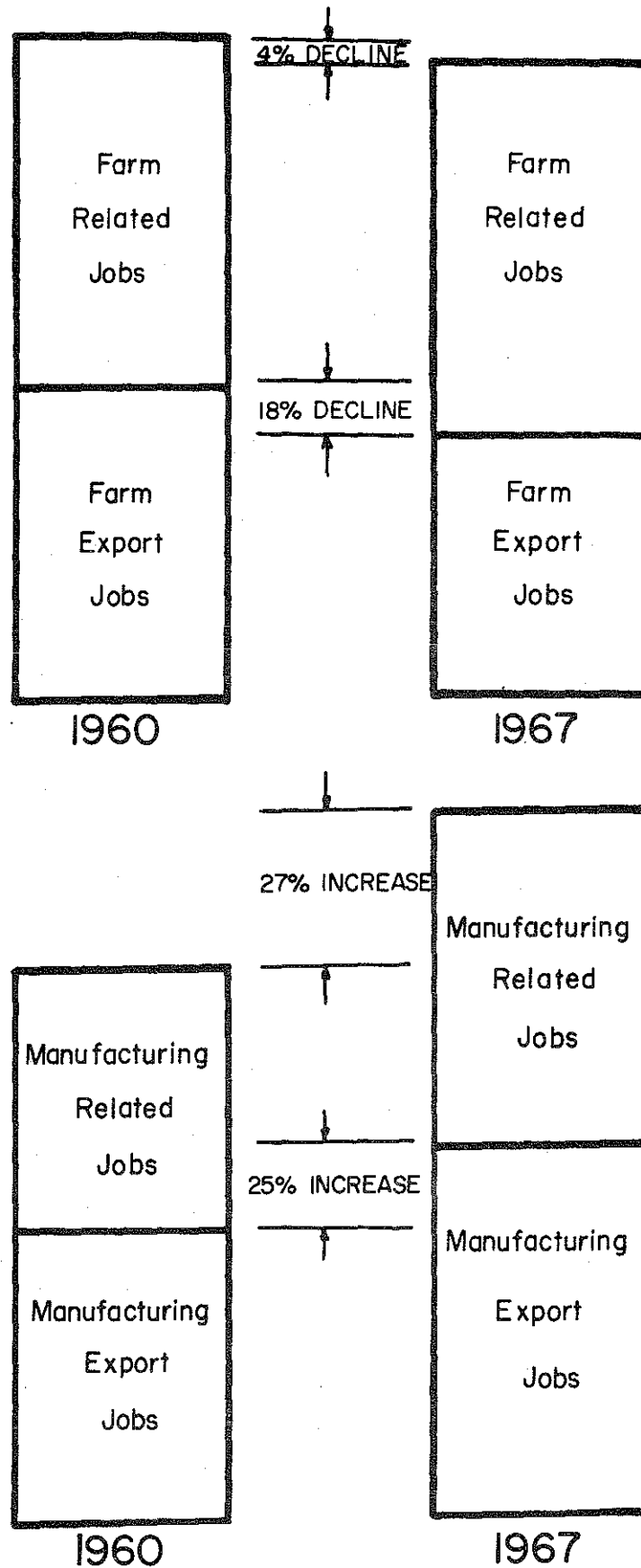


Services and trade are largely residentiary industries, depending upon local demand to determine the size of their operations. As export industries change up or down there is a strong tendency for residentiary sectors to change in the same direction and in direct proportion. This is particularly true for short-run fluctuations. Over the longer run the ratios between residentiary and export activities can also change. Figure 4 is not wholly adequate to describe the export-residentiary relationships since there is some export employment in all sectors and some residentiary employment even in manufacturing and farming.

The decline in farm export jobs parallels the decline in all farming jobs. The measurement of agriculture by the number of farm jobs has some real meaning when we deduce from this the number of families which are likely to be in open country areas to provide population-induced demands on rural towns and cities which serve surrounding rural areas. The farm job measure is much less adequate, in fact even misleading, when we use it to measure the total agricultural industry of the state or the impact that the export of farm products has upon the total economy. Figure 5 is designed to illustrate a number of things in graphic form. We can in a sense compare the agriculture and manufacturing industries since employment is proportional to the height of the rectangles. We also can compare changes in each industry between 1960 and 1967. In addition, we show changing relationships between export and residentiary jobs for both industries. The relationships shown in Figure 5 have been worked out for all sectors of the Iowa economy so we know we have a relatively consistent set of estimates in the sense that all employment has been accounted for and has been assigned to either export or residentiary status, and has been assigned to one of the industry sectors. Generally speaking, I can say that fewer farms has not meant fewer farm-related employees, at least during the 1960's. It appears, rather, that the increase in nonfarm employment directly and indirectly associated with Iowa farming has offset more than half of the decrease in workers on the farm. The total employment needs in Iowa for the production of food and feed for national and world markets did not decrease rapidly. For the 1960-1967 period the decline in on-farm employment producing for out-of-state markets is estimated at 34,000 or 18 percent of the 1960 level. During the same period the nonfarm, but farm-related, employment increased by more than 19,000. The net decline in total employment needs for the entire agricultural industry, including farming, was about 4 percent over the 7 years.

This relative stability of the agricultural generated employment should not lull people into thinking that change is not occurring. Substantial geographic shifts of farm and farm-related employment have occurred. Fewer farmers are working on the land and the feedlots. More people are working in agri-business, particularly on the farm input side. Many small towns have found agri-business employment expanding while consumer oriented businesses are declining or closing. Both farm households and small town households, many of them with a breadwinner employed in agri-business, are shifting their consumer buying to larger towns and cities. The total agriculture impact thus affects Iowa towns and cities of all sizes. Farm input buying and output handling has combined with retirement and commuter living to keep many smaller towns going as residence clusters. The larger towns and cities are reaping more of the indirect effects of the agricultural industry, largely through consumer buying.

Farm and Manufacturing Impacts



There is no real assurance that this exact pattern will continue into the 1970's. However, I think it is important to recognize that nonfarm jobs related to farming will likely continue to increase as direct farming jobs decline. It is only the degree to which they offset the farm job decline that is in some doubt.

If you will permit me to oversimplify somewhat at this point, I would say that agriculture, broadly defined, is responsible for about one million of the Iowa population at this time. Manufacturing which includes a sizeable amount of agricultural products processing, is responsible for about one and one-fourth million of the population. The remaining one-half million of population can be attributed to other relatively minor export activities.

There is a good possibility that the total agriculturally oriented population will not decline substantially in the near future. In other words, we have a sort of population floor built upon the agricultural industry. The manufacturing related population may go either way depending upon Iowa's success in generating profitable manufacturing situations. There is not, as far as I am concerned, any particular magic in our population level of two and three-fourths million persons. Many persons may be willing to live at a lower population density and adjust our economy and institutions accordingly. On the other hand those people who feel that we do not yet have the population level to maintain a quality type of living in the future must recognize that manufacturing activities expansion will have to provide the major part of the growth impetus. Much of the expansion will undoubtedly be in larger cities if it occurs. However, our past record has indicated that many smaller cities and even small towns can, at times, find or develop manufacturing potential that can hold its own in national markets.

Since this is a school audience, it seems appropriate to give a projection on student numbers. This projection is from a preliminary stage of a study that was requested by some members of the Governor's advisory committee on education. At the present time this study is somewhat dormant as we wait to restandardize our observations with 1970 population census results. The projections of young population have incorporated a number of influences that would seem to be important to most people. One of these is an assumption of a continued low birth frequency per child bearing age female. The rate that was used is approximately equal to the 1966-1967 rate for each Iowa county. A second influence is the estimate of the change in numbers of young potential parents. This will generally be an increasing number in the early 1970's but not in some of the most rural counties. A third influence is a projected change in numbers of jobs for family heads. This influence was entered at a more optimistic level than now seems warranted for this present period of time, but we also assumed a plateau in employment by 1975 so that the result by 1980 may not differ much from a pattern of decline now but an upturn later in the decade. Figure 6 gives the projected 1980 population in the 5 through 9 years ages as a percent of the 1970 population of this age range. The state is divided into the 16 planning areas which were designated by Governor Hughes and which have not been changed by Governor Ray. Note that only two areas, those surrounding Davenport and Cedar Rapids, have a projected increase in school children of the younger grades. The areas around

the state periphery, except for the central eastern border, exhibit the heaviest projected declines. The area within the Des Moines-Waterloo-Dubuque triangle shows the strongest tendency to about hold its own. The higher numbers in these areas, of course, reflect the influence of major cities. The lower numbers in other areas show the effect of declining population and births in the rural communities. Of course, many within-area differences are hidden by this gross presentation, but there is not time here to go into the county and school district details. Figure 7 is designed to be used in conjunction with Figure 6. Figure 7 shows the estimated population in the 5 to 9 year age group per square mile for each area. The extremes of the range of numbers again reflect differing mixes of city and rural territory, particularly in the case of the Davenport area where a minimum of rural territory is included. However, the main point I want to make here is that the areas which already have relatively low density of students over their territory are the ones which will, in most cases, be losing the largest percentage of their present total by 1980. Those with the higher densities will, in most cases, either be losing a smaller amount in percentage terms or will be gaining. I suspect that this intensification of differences in school population density will cause a continuing need for study to find school organization systems and school financing programs with flexibility to fit widely differing situations.

Figure 6
Projected 1980 Population, 5-9 years of age, as Percent of 1970

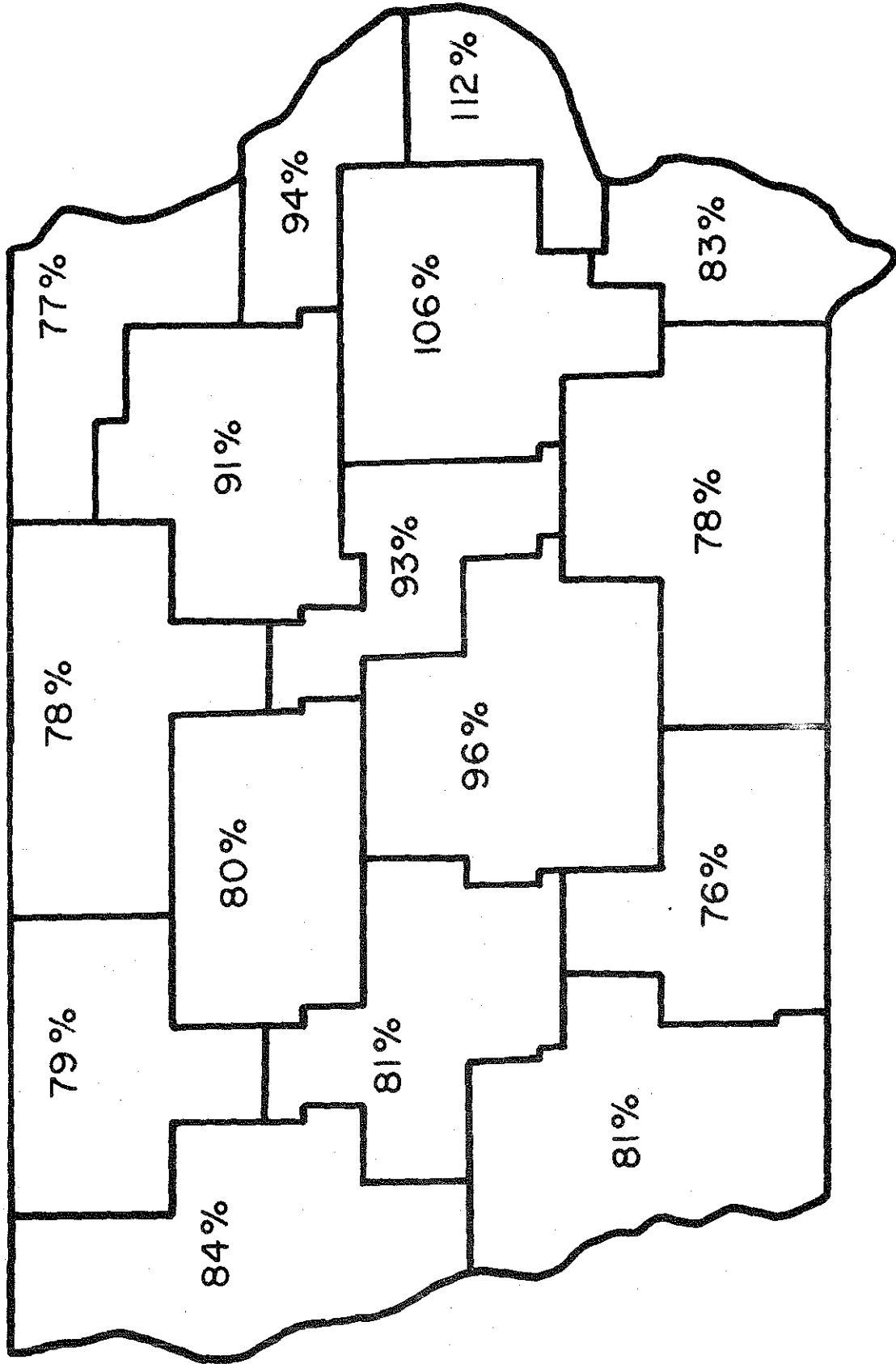


Figure 7

Estimated Population per Square Mile, 5-9 years of age, 1970

