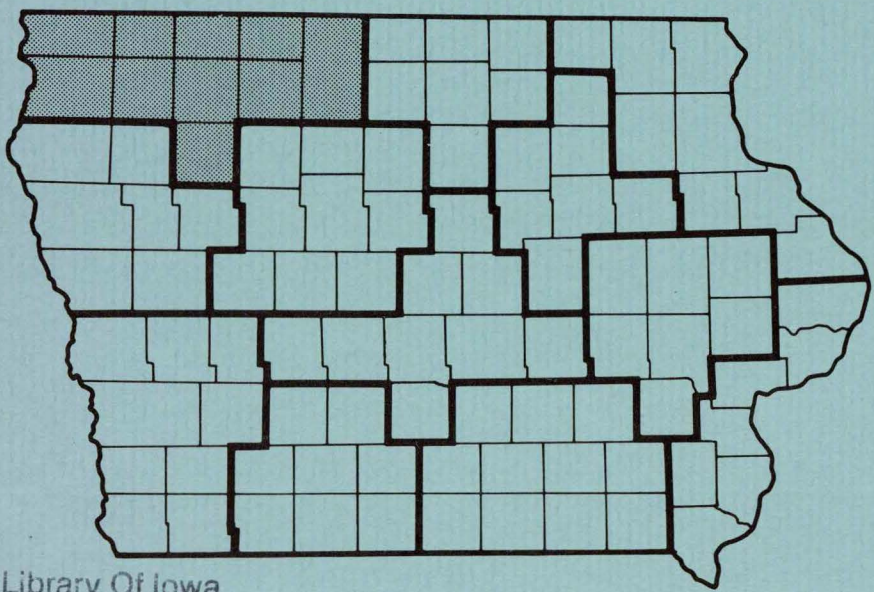


S
544.3
.I8
P36
no.
470-1
1969

An Economic Base Study of

IOWA'S NORTHWEST AREA



State Library Of Iowa
State Documents Center
Miller Building
Des Moines, Iowa

IOWA STATE UNIVERSITY of Science and Technology
COOPERATIVE EXTENSION SERVICE
Ames, Iowa.September 1969.Pm-470-1

C O N T E N T S

	<u>Page</u>
Introduction	2
The Export Base	2
The Changing Base	3
Export-Domestic Relationships	3
Employment by Sectors	6
Income	8
Agriculture	9
Farm Size and Sales	10
Growing Output	11
Manufacturing	13
Employment	13
Kinds of Manufacturing	14
Earnings and Wages	16
Wholesale-Retail Trade	18
Population Changes	20
Meaning of Changes	22
Age Mix -- Young and Old	23
Decisions and Future Directions	28
Goals for the Area	29
Functional Economic Areas	30
Some Final Thoughts	32

Cooperative Extension Service, Iowa State University of Science and Technology and the United States Department of Agriculture cooperating. Marvin A. Anderson, director, Ames, Iowa. Distributed in furtherance of the Acts of Congress of May 8 and June 30, 1914.

AN ECONOMIC BASE STUDY OF IOWA'S NORTHWEST AREA

Introduction

This is a report of the economic activity and associated changes in a 10 county area in Northwest Iowa. The counties included are Lyon, Sioux, Osceola, O'Brien, Dickinson, Clay, Buena Vista, Emmet, Palo Alto, and Kossuth.

The area is bounded by the state border with South Dakota on the west and Minnesota on the north. The southern edge of the area is a few miles south of Storm Lake and the eastern edge is a few miles east of Algona. Spencer is the most centrally located city and is by a slight margin the largest city of the area. Its official 1966 population was 9,677. However, both Storm Lake and Estherville are above 8,000 in population; so no city can be said to be dominant among others in the area. In addition, the extreme east and west edges of the area are strongly oriented toward either Mason City, Fort Dodge, Sioux Falls, South Dakota or Sioux City. We are dealing, therefore, with an area which is less centralized than many Iowa areas, and which also includes counties oriented partly within and partly outside of the area.

The area had a total population of almost 177,000 in 1960. The estimated population in 1967 was just short of 176,000. In the 10 years before 1960, the area had declined about 1,500 in population.

Total employment in the area has been increasing by less than one-half of one percent per year during the 1960's. Agriculture is continuing its long-term employment decline, while employment in most of the other sectors is growing.

Within the area the most rural communities are steadily declining in both employment and population while the larger towns and small cities show slow to moderate growth.

The Export Base

The employment analysis in this report uses the theory of the export base and its multiplier effect. An export base exists whenever an area specializes in the production of some products for which it finds markets outside the area.

Almost any populated area anywhere in the United States has an export base. The reason is that people want to use the full range of products produced by modern society, most of which are produced more inexpensively by volume production in other areas. An area earns the money to import this collection of desired products by producing and exporting a surplus of the goods with which it can best compete in state, national and world markets.

Workers who produce these exported goods are called export employees. The number of export employees that can exist in an area is determined by the area's success in selling to the "outside world."

Prepared by Marvin Julius, Extension Economist

A second class of workers, called domestic workers exists to furnish the services and the goods that can be most efficiently produced locally when demanded for local use. Examples of domestic employees are retail workers, teachers, ministers, local government officials and all of the others who produce for the local market. The number of domestic workers that can exist in an area is determined by the number of export employees in an area. The export employees create the original demand for locally produced goods and services.

In present-day Iowa areas of about 50,000 employment, the domestic workers usually make up about one-half of the total work force. Since the other half are export workers, the relationship between export and domestic workers is often described as a one-to-one ratio. Actually this ratio varies somewhat according to the employment total of the area, the industry mix and the point in time at which the ratio is measured.

Figure 1 illustrates the receipt of outside money in return for exports, the circulation of this money in the area to facilitate domestic activities and the payment of this money to the outside in return for imports.

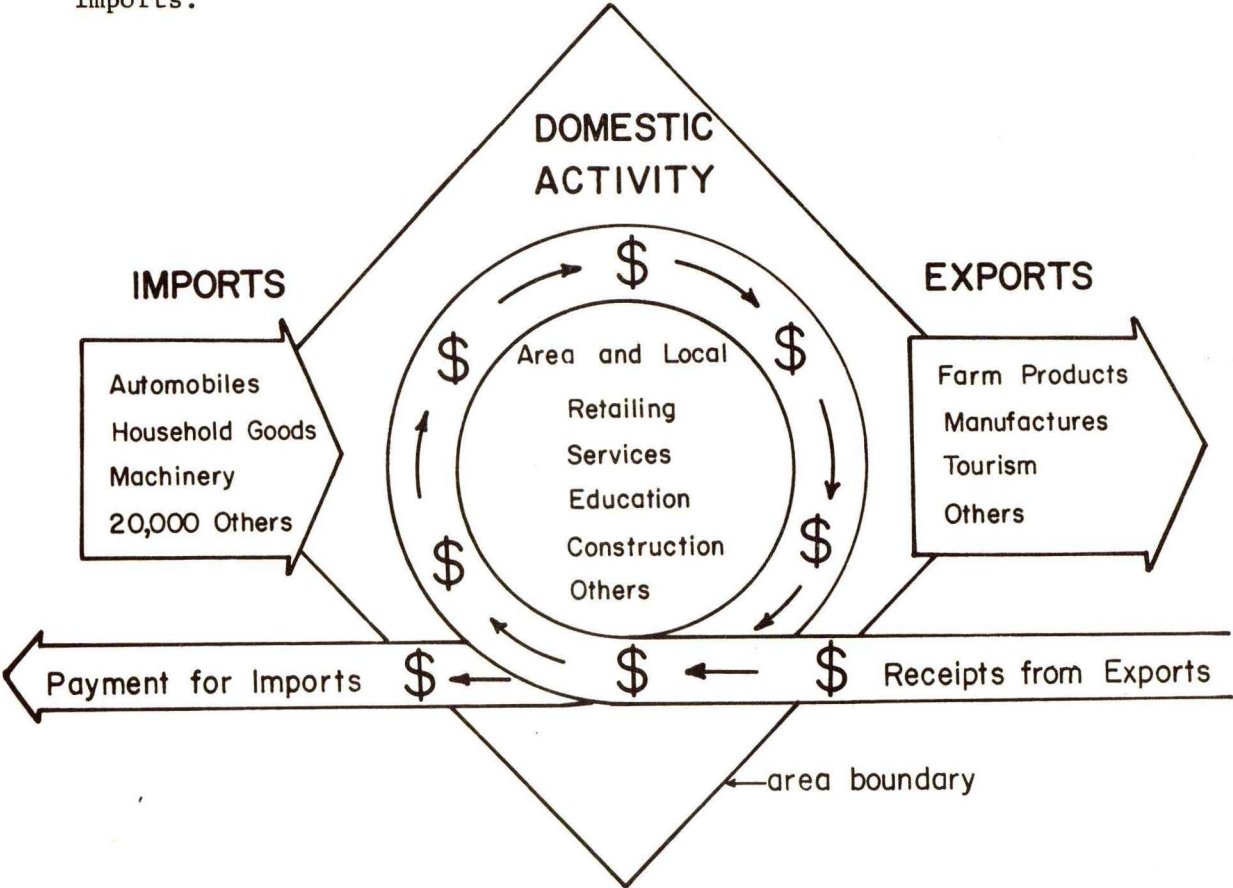


Figure 1. Export Domestic and Import Relationships.

The Changing Base

Table 1 provides employment comparison information for the Northwest area for 1960 and 1967. Employment is divided into export and domestic categories for each type of export activity. Both male and female employment is included, but is not separately identified.

Agriculture has been and still is the dominant export sector in this area. It provided about two-thirds of the area's export employment in 1960 and about three-fifths of the export employment in 1967. Between these years the export employment of agriculture declined by 3,277. This degree of employment decline is typical for agriculture in all areas of Iowa as labor in farming continues to be replaced by capital in the cultivation of a fixed amount of land.

Manufacturing export activity has partially counteracted the agricultural export decline with a gain of 2,186 employees during the 1960-1967 period. In percentage terms, manufacturing export increased from 14 percent of total export in 1960 to 22 percent in 1967.

The other sectors each provide less than 10 percent of the total export employment and changes are relatively small compared to the changes in agriculture and manufacturing. The net commuting across the borders of the area is small indicating that there is an insignificant net daily export of labor services.

In total, export employment declined by 1,283 workers between 1960 and 1967. In 1960 there were about 97 domestic workers for every 100 export workers. If the same ratio had existed also in 1967, total employment would have declined by 2,528 (1,283 export workers plus 1,245 domestic workers). Actually, an increase of 2,839 workers occurred. The export-domestic ratio had shifted upward (to 115 domestic workers for every 100 export workers) by 1967. A small decrease in export employment had not caused a decrease in domestic employment because of a shift in the ratio over the seven year period.

However, the change in export employment did have an effect. If total export employment had not declined, domestic employment would have been 35,560 rather than 34,079 in 1967.

Export-Domestic Relationships

The employment generating effects of export activity are represented in the three columns of table 1, entitled "Domestic Employment." For example, in 1960, 21,683 employees are listed across from "Agricultural export." These persons have jobs which can be said to exist because of the agricultural export activity of the area. Some of these jobs can be thought of as directly related to agriculture. Examples are fertilizer salesmen, tank truck drivers and machinery repairmen. Other jobs are indirectly related to agriculture. An example is the barber whose customers include fertilizer salesmen, tank truck drivers and machinery repairmen. People who serve both farmers and non-farmers, as the barber might, can be both directly and indirectly dependent on agricultural export activity.

Table 1. Area Export and Domestic Relationships

Type of Activity	Export Employment			Domestic Employment		
	1960	1967	Change	1960	1967	Change
Agricultural export	21,058	17,781	-3,277	21,683	24,203	2,520
Construction and Mining export	155	162	7	132	136	4
Manufacturing export	4,330	6,516	2,186	3,438	5,281	1,843
Transportation, Communications and Utilities export	871	631	-240	676	512	-164
Wholesale and Retail export	3,037	2,717	-320	2,974	2,631	-343
Finance, Insurance & Real Estate export	337	333	-4	262	256	-6
Services export	910	1,339	429	706	1,012	306
Out-commuters (Net)	143	79	-64	86	48	-38
Area	30,841	29,558	-1,283	29,957	34,079	4,122

In total, 21,683 represents the number of domestic jobs of many kinds that could not have existed in the area in 1960 if agricultural export had not been operating at a level of 21,058 employees in 1960.

In some ways, the relationship between a sector's export activity and the domestic employment related to it is a unique one. No two export activities have the same export-domestic ratio for any year (except by coincidence). This is because each sector has its individual pattern for the portion of its inputs which it buys locally and that which it imports. Agriculture, for example, is a relatively heavy purchaser from local wholesale and retail outlets, while manufacturing is more likely to buy raw materials and tools in quantity lots from distant sales outlets.

In the between years comparison, agricultural export decline was partially counteracted by an increase of 2,520 in the domestic employment related to it. The ratio of 24,203 domestic workers to 17,781 export workers that existed for agriculture in 1967 is equivalent to 136 domestic workers for every 100 export workers. This is up sharply from the 100 to 100 ratio which existed in 1960.

Table 2. Total Effects of Export Activity

Type of Activity	Export Plus Domestic Employment		
	1960	1967	Change
Agricultural export	42,741	41,984	-757
Construction and Mining export	287	298	11
Manufacturing export	7,768	11,797	4,029
Transportation, Communications and Utilities export	1,547	1,143	-404
Wholesale and Retail export	6,011	5,348	-663
Finance, Insurance and Real Estate export	599	589	-10
Services export	1,616	2,351	735
Out-commuters (Net)	229	127	-102
Area	60,798	63,637	2,839

The domestic employment related to manufacturing showed the second largest rise (1,843 employees) between 1960 and 1967. This growth can be attributed mostly to the rise of manufacturing export employment during this period.

Table 2 provides a comparison of the relative importance of the export activity of each sector to the area. In 1967, for example, agricultural export accounted for a total of 41,984 jobs when we count both the export employment of agriculture and the domestic employment related to it. This was 60 percent of the total employment of the area. Manufacturing export was responsible for 19 percent of the total employment, and wholesale and retail export provided for 8 percent of the total. In 1960 the comparable percentages were 70 percent for agricultural export, 13 percent for manufacturing and 10 percent for wholesale and retail.

Employment by Sectors

Table 3 shows employment identified by sectors for both 1960 and 1967 and the change in each sector during the period. The employment in each sector includes both the export and domestic employment of that sector. The domestic employment in this table is included with the sector from which it comes and not with the sector to which it relates in an export-domestic sense.

Table 3 provides a good picture of the change of composition of the labor force, but it does not provide a cause and effect picture of employment shifts. Table 3 shows that agriculture jobs declined by 3,682 during the seven year period and that the sector slipped from 37 percent of total employment in 1960 to 29 percent in 1967. Corresponding increases were registered by manufacturing and services as each picked up 3 percent of the total and by wholesale and retail with a 1 percent jump.

One employment shift that is not revealed by tables 1, 2, or 3 is the increasing proportion of females in the labor force. The gains in the trade and services sectors may have been 50 percent female while the loss in counted employment in agriculture was probably more than 85 percent male. It is probable that, while total employment gained between 1960 and 1967, male employment declined. The number of families in the area thus may have declined as the increased employment was accomplished by a shift to more workers per family.

Table 3. Employment by Sectors 1960-1967

Sector	Employment			Percent of Total		
	1960	1967	Change	1960	1967	Change
Agriculture	22,598	18,916	-3,682	37	29	-8
Construction & Mining	3,193	3,550	357	5	6	+1
Manufacturing	5,382	7,632	2,250	9	12	+3
Transportation, Communications, & Utilities	3,100	3,021	-79	5	5	0
Wholesale & Retail	12,113	13,429	1,316	20	21	+1
Finance, Insurance & Real Estate	1,553	1,870	317	3	3	0
Services	12,716	15,140	2,424	21	24	+3
Out-commuters (Net)	143	79	-64	0	0	0
Area	60,798	63,637	2,839	100	100	0

Income

The incomes of individuals and families and changes in these incomes are very important in measuring the economic progress of an area. It can be preferable to have a declining employment and population situation if the decline is associated with fuller employment and higher incomes for the remaining people. This type of decline is occurring in much of rural America, including the rural parts of the Northwest Iowa area. Income per farmer is generally rising as farm consolidation continues, but an associated result is fewer farmers and fewer merchants to serve remaining farm households. The alternative of a constant number of farmers with declining incomes would probably be even less desirable for both farmers and merchants.

The most recent overall measurement of the income levels in the Northwest area was made with the population census of 1960. We will not have a later one for comparison purposes until after 1970. As a substitute for the overall income picture for recent years, a comparison of average annual earnings of private wage and salary workers for 1959 and 1967 for each county is presented in table 4 with the Iowa average as a comparison base.

The earnings information on self-employed persons and government employed persons is not included in table 4. Also missing is any information on income from property ownership and from transfer payments such as social security allotments.

Table 4 is, thus, only an indicator of the income situation in the counties of the area, particularly for non-agricultural employment. It indicates that incomes were not as high as the Iowa average in either 1960 or 1967. On the other hand the increase in several counties was comparable to the Iowa average per worker increase. The highest levels of income within the area appear to be in the more industrialized counties of Buena Vista, Clay and Emmet. Generally, table 4 would indicate that the area made progress in improving productivity and earnings per worker during the time that a moderate increase in employment was also occurring.

Higher average family incomes allow families to buy more goods and services. This in turn creates a need for more domestic workers to produce or deliver or retail these goods and services. As a result the domestic-export ratio changes to a higher level.

Table 4. Average Annual Earnings, Private Wage & Salary Workers

County	1959*	1967	Change
Buena Vista	\$3,968	\$4,708	\$740
Clay	3,736	4,332	596
Dickinson	3,020	3,436	416
Emmet	4,040	4,532	492
Kossuth	3,308	3,916	608
Lyon	2,900	3,660	760
O'Brien	2,848	3,680	832
Osceola	3,040	3,980	940
Palo Alto	2,836	3,632	796
Sioux	2,944	3,668	724
Iowa average	4,280	5,028	748

Source: County Business Patterns

* Adjusted to 1967 dollars

The average family income increase is probably the most important factor of those which tend to increase the domestic-export ratio. However, it is supplemented in the agriculture sector by the tendency of farmers to purchase increasing amounts of production services (feed processing, fertilizer spreading, etc.) and locally sold production inputs (fertilizer, chemicals, feed supplements, etc.)

Agriculture

The structure of agriculture in the Northwest area was last described in detail by the 1964 Census of Agriculture. Selected information from this census is presented in the following paragraphs.

The total number of operations classified as farms in 1964 was 15,533. Of these, 96 percent or 14,895 were classified as commercial farms. Generally, under Iowa conditions, a commercial farm is one which has sales of \$2,500 or more per year. Non-commercial farms have less than \$2,500 of sales per year and usually are operated by persons with other employment or by partially retired persons over 65 years of age. However, these same types of people are also found on some commercial farms.

Table 5 gives some information on the commercial farms of the area in regard to certain characteristics. In 1964, 619 of them were 500 acres or over in size. This was 4 percent of all the commercial farms in the area. The comparable percentage for all of Iowa was 6 percent. Hiring of a substantial amount of labor occurred on 11 percent of the area farms as compared to 10 percent for Iowa. Looking at the numbers in a different way, it can be said that about 90 percent of the commercial farms had less than the equivalent of a full-time hired-man.

The practice of working off the farm by the operator appears to be less prevalent in this area than for the state as a whole. Probably this is due to a relative scarcity of non-farm jobs as compared to the situations near Iowa's large cities.

Farming at a commercial level by operators 65 years of age or over is somewhat less prevalent here than for the state as a whole. Generally, the percentages associated with this characteristic are higher in Southern Iowa and lower in Northern Iowa.

Table 5. Commercial Farms with Selected Characteristics, 1964

Characteristic	Area Number	Area Percent	Iowa Percent
500 acres or over in size	619	4	6
Hiring 150 days of labor or more	1,653	11	10
Operator working off farm 100 days or more	1,013	7	12
Operator 65 years of age or older	867	6	8

Source: Agriculture Census
Analysis by H. B. Howell, Extension Economist

Farm Size and Sales

Table 6 presents the distribution of farms (commercial and non-commercial) of the area according to size in total acres. Farms smaller than 140 acres accounted for 18 percent of all farms, but only 6 percent of the total farmland was included in farms of this size group. At the other extreme, 34 percent of the farms were 260 acres or over and 54 percent of the farmland was in farms of this group. By 1970 it is likely that at least 60 percent of the land will be in farms of 320 acres or larger. This statistic seems to illustrate the march of farm technology and resulting consolidation more dramatically than does the average farm size measure, which is often pulled down by a large number of small part-time and retirement farming units.

Table 6. Farms by Size in Acres, 1964

Size Class	Percent of Farms	Percent of Land in Farms
0-139 acres	18	6
140-179 acres	25	18
180-259 acres	23	22
260 acres and over	34	54

Source: Agriculture Census

Analysis by H. B. Howell, Extension Economist

Table 7 also shows a size distribution of farms by product sales volume in dollars. Since both livestock and crop production may be reflected in sales volume, it is usually a better indicator of farm income than is size in acres alone. Most of the farms with sales over \$30,000 (20 percent of all the farms) were probably producing adequate returns for the labor and capital and management time involved. Most of the farms with sales under \$10,000 were probably producing quite low returns for the labor and management time involved, except for those farmers who used a substantial amount of their time in off-farm employment.

The 57 percent of the farms with sales of \$10,000 to \$29,999 includes most of the typical family farm situations of the middle 1960's. Incomes are not as high as the farmers and their families might wish, but neither are they so poor as to cause large-scale desertion from farming.

Table 7. Farms by Product Sales Volume, 1964

Sales Class	Percent of Farms	Percent of Land in Farms
\$30,000 and over	20	45
\$10,000 to \$29,999	57	48
Less than \$10,000	23	7

Source: Agriculture Census

Analysis by H. B. Howell, Extension Economist

Growing Output

Table 8 is presented in order to show that farming is not a declining industry in terms of output. Between the two time periods shown, a 7 year span of time on the average, some dramatic increases occurred. Corn production was up almost 17 million bushels for a 19 percent increase. Soybean production was up 83 percent, fed cattle up 70 percent, beef cow numbers up 24 percent and swine up 2 percent. Lamb feeding and raising were both down, but these are minor enterprises for this area. The decline in milk cows of 13 percent is the only decline in a major farm enterprise. If an index of overall farm output for Iowa areas were available, it seems likely that total output of Northwest Iowa would show an increase of more than 10 percent for the 7 year period.

The percentage changes for each enterprise of the area can be compared to comparable changes for Iowa. It appears that Northwest Iowa has been concentrating particularly on the beef feeding operations as an expansion possibility. Beef cow numbers are not increasing as rapidly as in the state, but dairy cow numbers are decreasing less rapidly. The failure to increase corn and soybean production as rapidly as the state may be caused at least partially by the lower level of rainfall in this area.

Table 8. Agricultural Output

Enterprise	Unit	1958-60	1965-67	Change	Percent Change	
					Area	Iowa
Corn	1000 bu	87,950	104,857	16,907	19.2	23.9
Soybeans	1000 bu	11,764	21,489	9,725	82.7	100.2
Fed cattle	1000 head	361	614	253	70.1	44.9
Beef cows	1000 head	50	62	12	24.0	39.2
Pigs born	1000 head	1,999	2,039	40	2.0	2.4
Fed lambs	1000 head	367	223	-144	-39.2	-27.4
Lambs born	1000 head	106	70	-36	-34.0	-27.7
Milk cows	1000 head	90	78	-12	-13.3	-23.8

Source: Iowa Assessors Annual Farm Census, Adjusted

Analysis by Gene Futrell, Marvin Skadberg, Allan Rahn, Extension Economists.

Manufacturing

Manufacturing is a sector of growing importance in the area. The one large export and related employment increase of the 1960-1967 period was the over 4,000 additional employment in manufacturing export plus related employment. However, manufacturing in this Northwest area is still relatively minor in comparison to central and eastern Iowa areas or the Sioux City area. The primary source of this difference is the lack of a large industrial city with some very large plants and a multitude of smaller ones. As long as the area lacks an employment center comparable to Fort Dodge or Mason City or Sioux City it is not likely to develop a manufacturing growth potential that can absorb more than a portion of the surplus labor produced in the area.

On the other hand, the amount of manufacturing growth that has occurred has probably eased considerably the strains of agricultural adjustment. The small cities and most large towns of the area have been helped to maintain or moderately increase their populations. A number of smaller towns have benefited similarly, either from the location of small manufacturing plants in the towns or by serving as residence locations for commuters working in plants in nearby towns or cities.

Table 9. Manufacturing Employment

County	1960	1967	Change	Percent County is of area with respect to		
				1960 Employ- ment	1960-67 Change	1967 Employ- ment
Buena Vista	868	1,102	234	16	11	14
Clay	595	819	224	11	10	11
Dickinson	520	1,042	522	10	23	14
Emmet	783	1,028	245	15	11	14
Kossuth	499	678	179	10	8	9
Lyon	176	184	8	3	0	2
O'Brien	463	514	51	8	2	7
Osceola	291	173	-118	5	-5	2
Palo Alto	284	400	116	5	5	5
Sioux	903	1,692	789	17	35	22
Area	5,382	7,632	2,250			

Employment

Table 9 shows the employment in manufacturing for each of the counties of the area for 1960 and 1967 and the change during the period. A noticeable characteristic is the dispersion of manufacturing activity over the area. In 1960, 7 of the 10 counties had more than 450 manufacturing employees, but no county had more than 1,000. By 1967 the same 7 counties were all above 500 in manufacturing employment, but only one county (Sioux) was appreciably above 1,000, with almost 1,700. Sioux is probably the only county in Iowa that leads its area in manufacturing without having a single town of over 5,000 population. Clay County, which includes the largest city of the area (Spencer), ranked 4th in manufacturing in 1960 and 5th in 1967.

During the 1960-1967 period the largest manufacturing employment increases occurred in Sioux and Dickinson counties. Sioux County produced 35 percent of the total area increase and Dickinson County 23 percent, so that together the two counties accounted for almost three-fifths of the area's increase.

Kinds of Manufacturing

The diversity of manufacturing activity is illustrated in Table 10. It would be difficult to describe a typical manufacturing plant. Of the 224 individual plants in the area in 1963, 182 had less than 20 employees. On the other hand four plants had between 250 and 499 employees.

Manufacturing activity is divided into some general categories in Table 10 in order to provide some understanding of the reasons for manufacturing in the area. "Processing of agricultural produce" is the category that includes meat packing, animal feed production, dairy products processing, and other activities connected with food or feed. This category covered 68 plants including two of the four largest plants and over half of the plants with more than 100 workers.

A second category is "Processing of other local resources." This category included 31 plants, but 29 of these were in the smallest size category with less than 20 employees each. Almost all of the plants in this category in the Northwest area were engaged in concrete mixing or forming. A few of the others were engaged in operations involving wood or clay products. The Northwest area generally lacks sizable concentrations of trees, gypsum, limestone or clay needed to support large-scale manufacturing in this category.

"Production of non-feed inputs for agriculture" includes mainly farm machinery production, fertilizer production and animal biological products. There were 16 such plants in 1963 with only 2 having more than 50 employees each. Undoubtedly the number of small fertilizer plants has increased since 1963.

"Area newspapers and printing" is a manufacturing category because printing is defined as a manufacturing operation. This category includes all of the newspapers of the area, and these accounted for a large part of the 54 smallest plants in this category.

The four categories described so far have the common characteristic of being, to some degree, attached to the area. The plants of the first three categories fit in with the agricultural and natural resources of the area. The newspapers and printers of the fourth category exist to serve the residents and advertisers of the area. In total, the four categories included 172 plants in 1963.

The other 52 plants have been categorized as non-attached manufacturing -- non-attached in the sense that neither the raw materials used, the products produced, nor the markets served would indicate that plants like these would be expected to exist in the area. Products of this group include specialized pumps, sporting and athletic goods, signs and displays, metal stampings, boiler shop products, construction machinery, electronic components and at least 20 other kinds of products.

Much of the increase of manufacturing employment since 1960 appears to have been in the non-attached category. Many of the "non-attached" firms were probably started by local persons with the aid of some local financing. Many may have started and failed over the years, but a few have grown to moderate size and many others have stayed small but profitable.

Table 10. Area Manufacturing by Size of Plant and Type of Product - 1963

<u>Type of Mfg. Activity</u>	Number of Plants with Employment of -						
	<u>1-</u> <u>19</u>	<u>20-</u> <u>49</u>	<u>50-</u> <u>99</u>	<u>100-</u> <u>249</u>	<u>250-</u> <u>499</u>	<u>500-</u> <u>999</u>	<u>All</u> <u>Plants</u>
All Types	182	21	10	7	4	0	224
Processing of Ag. Products	47	12	3	4	2	0	68
Processing of other local Resources	29	2	0	0	0	0	31
Production of non-feed inputs for Ag.	12	2	2	0	0	0	16
Area Newspapers and Printing	54	3	0	0	0	0	57
Total attached Mfg.	142	19	5	4	2	0	172
Non-attached Mfg.	40	2	5	3	2	0	52

Source: Manufacturing Census

Non-attached plants owned and operated by outside interests have usually been established in order to use an underemployed supply of labor. Frequently, this is female labor from families where men are not fully employed or highly paid.

In most cases the non-attached type of plant will be established, or expansion occur, in a community that provides some long-term capital to the firm. The capital may be an outright gift or subsidy, but usually it is recoverable through some sort of rental or lease-purchase arrangement. In either case, an initial investment of local capital is required. The amount may be as little as \$500 or as much as \$5,000 per additional employee.

Earnings and Wages

In most Iowa areas with a large central city, the county which encloses the central city will have the highest average yearly earnings and hourly wage for production workers. This county will also be one of the highest in average yearly earnings of management, supervisory and related personnel.

Several characteristics are usually associated with the higher earnings levels of the central city. Usually, much of the labor force is organized. Some of the larger plants are of industries which have been among the national leaders in wage levels. Large segments of the labor force consist of stable long-term employees who are highly skilled and experienced. The high productivity of the workers has been supplemented by large capital investments which, from the manager's standpoint, reduce the labor cost per unit of output; while, also, from the worker's standpoint, making a higher wage possible.

All of these characteristics are present to some extent in the Northwest area, but are much less pronounced as compared to large city areas. There has thus been no leading county in all earnings level aspects. The latest detailed statistics available are from the Manufacturing Census of 1963. Table 11 gives some of these statistics.

In all three measures of earnings and wage levels, the Northwest area was noticeably below the state average. The highest county levels in the area were each about equal to the comparable state average levels. Each was in the range of 13 to 18 percent below the comparable high county level for the state. The state highs are all in heavily industrialized counties, which typically offer a large, stable, skilled labor supply to the industrialist.

The less industrialized parts of the state, including most of the Northwest area, have provided a different type of opportunity. Since shortly after the end of World War II, the farms and towns of the area have produced an excess of labor which has created a steady out-migration pressure.

Many of the persons who would have to migrate out if no jobs were available will stay if a job with a moderate pay rate is available. The pay rate does not have to be as high as the rate in distant cities, because the person will trade off some pay differential for the opportunity to stay in his rural community. Some of these persons will eventually migrate, but they are easily replaced by others of the about-to-migrate group.

There is little reason for the plant management to raise wages substantially so long as the excess labor supply with desirable work habits continues to appear. The advantages of low labor cost outweigh the disadvantages of labor turnover for many of the plants that have located in rural areas. Many of these plants have competitors located in similar low-wage rural areas elsewhere in the nation. None of them can raise wages substantially until the low-cost labor supply has disappeared for all of them.

Table 11. Earnings of Manufacturing Employees, 1963

	Av. yearly earnings, management, supervisory, and related personnel	Av. yearly earnings, production workers	Av. hourly wage, production workers
Area Average	\$5,771	\$4,311	\$2.00
Iowa Average	7,008	5,415	2.68
Highest of Area Counties	7,048	5,626	2.66
Lowest of Area Counties	5,064	3,146	1.49
Highest of Iowa Counties	8,114	6,680	3.25
Lowest of Iowa Counties	3,000	2,738	1.41

Source: Manufacturing Census

Wholesale—Retail Trade

Wholesale and retail trade firms are heavily oriented toward domestic activity. A characteristic of domestic employment is its relative dispersion over the area which it serves. The main street businesses of the multitude of uniformly spaced small towns are operated primarily by domestic employees. A second and contradictory characteristic is the tendency for some parts of domestic activity to migrate to larger population centers. A result is the relatively faster growth of trade and services in larger cities. A third characteristic is the tendency of some farm input suppliers to avoid the congestion of large central cities. This latter tendency may not yet have appeared in the Northwest area because it has no large cities.

Two sets of information on wholesale and retail trade are presented to illustrate the magnitude of the activity and the changes within the area. An analysis of retail "recurring type" sales by county for the years 1954 and 1963 is presented in Table 12. Table 13 presents employment in trade by county for the years 1960 and 1967.

The retail recurring type sales do not include lumber, building materials, farm equipment, and hardware sales. The sales that are left are primarily for household use, but some farm inputs purchased regularly (primarily petroleum and feed) are also included. The recurring type sales totals are believed to provide a measure of market potential with less year to year variability than a measure which includes sales of major investment items.

From Table 12 we can gain some feeling of market coverage and volume through the 1950's and early 1960's. In 1954 the area's recurring type sales were about \$187 million in 1963 prices. By 1963 the sales had increased to \$214 million for a 15 percent gain. This was a period of major percentage gain for Clay, Dickinson, Emmet, O'Brien and Sioux counties; moderate gain for Kossuth and Lyon counties; slight gain for Buena Vista County and slight losses for Osceola and Palo Alto counties.

The measure of recurring type retail sales per capita gives a general picture of centralization of shopping patterns. This measure tends to be high when residents of a county do most of their shopping within its borders and in addition, one or more towns of the county serve a trade territory larger than the county. In the Northwest area in 1963, Clay County had the highest sales per capita indicating that Spencer was serving as an area shopping center for many items. Lower, but still above average, degrees of centralization or loyalty to home town merchants existed in Buena Vista, O'Brien, Sioux and Emmet counties.

A comparison between 1963 and a later year is not available in sales terms like those given in Table 12. It is necessary to switch to employment changes in wholesale and retail trade to bring the picture up to 1967. Table 13 presents this information by county for 1960 and 1967. The major gains in employment were made in Buena Vista, Clay and Dickinson counties. Apparently both Storm Lake and Spencer are gaining strength as area shopping centers. The growth in Dickinson County appears to be associated with the recreation industry in the county along with a growth of county population. In Sioux County, the volume of agricultural activity, particularly livestock production, continues to support a larger than usual segment of retail trade.

Table 12. Recurring Type Retail Sales

County	1954 *	1963	Change	Percent Change	Per Capita 1963
Thousands of dollars					
Buena Vista	26,789	28,114	1,325	4.9	\$1,327
Clay	24,249	29,927	5,678	23.4	1,617
Dickinson	11,790	14,812	3,022	25.6	1,178
Emmet	15,196	18,466	3,270	21.5	1,242
Kossuth	25,070	27,574	2,504	10.0	1,089
Lyon	11,790	13,377	1,587	13.5	925
O'Brien	21,547	25,415	3,868	18.0	1,349
Osceola	10,147	9,344	-803	-7.9	928
Palo Alto	15,049	13,602	-1,447	-9.6	923
Sioux	25,419	33,853	8,434	33.2	1,284
Total Area	187,046	214,484	27,438	14.7	1,212
Area less Clay	162,797	184,557	21,760	13.4	1,165
Iowa	2,964,168	3,245,793	281,625	9.5	1,177

Source: Census of Business

* 1954 sales adjusted to 1963 prices; inflator = 1.14

Table 13. Wholesale and Retail Employment

County	1960	1967	Change	Percent County is of area with respect to		
				1960 Employment	1960-67 Change	1967 Employment
Buena Vista	1,690	1,939	249	14	19	14
Clay	1,658	1,967	309	14	23	15
Dickinson	1,038	1,379	341	9	26	10
Emmet	1,015	1,066	51	8	4	8
Kossuth	1,625	1,738	113	13	8	13
Lyon	795	779	-16	7	-1	6
O'Brien	1,375	1,323	-52	11	-4	10
Osceola	474	549	75	4	6	4
Palo Alto	939	977	38	8	3	7
Sioux	1,504	1,712	208	12	16	13
Area	12,113	13,429	1,316			

Population Changes

The population of the Northwest area increased rapidly between 1880 and 1920 and probably reached its highest point shortly before 1940. Table 14 gives information on population for counties and the area for several points in time between 1880 and 1967. Only Clay County has had continual, but not rapid, population growth. Buena Vista and Emmet counties are in about the same situation except that they have not gained since 1960. Dickinson and Sioux have had the highest recent gain, but Dickinson had declined during 1950-60 and Sioux during 1940-50. Kossuth, Lyon, O'Brien, Osceola and Palo Alto have each been declining in population since 1940.

The contrasting changes among counties suggest that the overall stability of area population is hiding a number of within-area changes. One change is illustrated by looking at the 17 largest towns of the area in 1920. At that time, these towns together contained slightly over 40,000 people. By 1967 these same 17 towns contained approximately 65,000 persons. An important shift from open-country to town residence had occurred. The smallest of the 17 towns had 1,000 residents in 1920 and about the same number in 1967. All of the 16 larger towns except one increased in population between 1920 and 1967, some of them by 50 percent or more. The combined 1967 population of the four largest towns was almost double their combined 1920 population.

The smaller (less than 1,000 population) towns have produced a mixed pattern. Some have grown and some have declined. The open-country population has declined in almost every township of the area as farming continues to decrease its requirement for labor.

In addition to differential changes in total population among counties, towns and townships of the area, there are differential changes in the mix of age groups. By 1970 the area will have a slightly higher proportion of persons over 64 years of age than before. In contrast the proportion of persons under 15 years of age will be less than before due primarily to the sharp decline in births since 1962. The increasing numbers of old people who are staying in the area have tended to keep the total population of many small towns almost constant over the years. This has obscured the fact that almost all such towns are declining steadily in working age population. On the other hand, the recent decrease in births has dampened the total population growth of some larger towns that are steadily growing in numbers of jobs offered.

Table 14. Population Change

County	1880	1900	1920	1940	1950	1960	1967
Buena Vista	7,537	16,975	18,556	19,838	21,113	21,189	20,959
Clay	4,248	13,401	15,660	17,762	18,103	18,504	19,040
Dickinson	1,901	7,995	10,241	12,185	12,756	12,574	13,812
Emmet	1,550	9,936	12,627	13,406	14,102	14,871	14,637
Kossuth	6,178	22,720	25,082	26,630	26,241	25,314	24,150
Lyon	1,968	13,165	15,431	15,374	14,697	14,468	13,998
O'Brien	4,155	16,985	19,051	19,293	18,970	18,840	17,889
Osceola	2,219	8,725	10,223	10,607	10,181	10,064	9,379
Palo Alto	4,131	14,354	15,486	16,170	15,891	14,736	14,277
Sioux	5,426	23,377	26,458	27,209	26,381	26,375	27,783
Area	39,313	147,593	168,815	178,474	178,435	176,935	175,924
State Total	1,624,615	2,231,853	2,404,021	2,538,268	2,621,073	2,757,537	2,875,994
Percent State Total	2.4	6.6	7.0	7.0	6.8	6.4	* 6.1

Meaning of Changes

A warning is called for concerning the use of the population level and increases or decreases in this level as a sole measure of progress or growth. A rural area may almost maintain its population because many young people choose to become under-employed farmers and small-town businessmen, rather than migrate to better opportunities elsewhere. The resulting community can become overly burdened with low-income people. A higher migration rate would have allowed a higher average income for the remaining population. Note that Osceola County had the largest population loss in percentage terms between 1960-1967 and simultaneously (see table 4) had the largest gain in average annual earnings of private wage and salary workers. It might be said that, considering the alternatives available, Osceola had the most progress during the 1960-1967 period. This is progress measured in terms of increased income per person, a frequently used measure of national progress.

Unlimited population decline, however, is not generally acceptable for all parts of a multi-county area. One reason is that increased income per person cannot be easily translated into increased purchasing power per person. The amount and variety of goods and services available within easy driving distance (generally not more than 50 miles) will shrink if there are no growing population centers within that distance. Osceola County, and other rural communities, can accept or encourage population loss with resulting higher incomes and have an improved situation so long as shopping facilities and community institutions are growing at Spencer or some other location within one hour's driving distance. The situation will not be nearly so improved if Spencer and other cities are also declining in population and in services and goods offered.

The number and type of public and semi-public institutions which can be supported in an area at acceptable levels of cost and performance are closely related to the size and characteristics of the population. The changing geographical distribution of the population with an increasing concentration in the larger towns and cities has already been described. This concentration encourages the development of new church, school, medical, legal and other service facilities in the cities and the shrinkage of these services in the smaller towns and rural areas. The relocation process is even further encouraged by the willingness of many rural people to travel a considerable distance to patronize the more specialized city-located services.

Age Mix - Young and Old

Another important characteristic of the population is the age mix at a point in time. School boards and administrators, for example, are not nearly so concerned with the total population as with the numbers of young people. On the other hand, persons concerned with hospital and convalescent care are especially involved with the numbers of old people. Churches are involved with both extremes of the age range, but the two groups make very different demands on church facilities and services.

Table 15 presents a picture for each county of changes by selected 5 year age groups since 1940 and including an estimate for 1970. Some very substantial shifts are revealed for most counties. Many counties reached a peak in numbers of 0-4 age children in 1960 although some had a higher number in 1950. These are the children who, upon entering school between 1960 and 1965, substantially outnumbered the high school graduating classes. By 1970, the expected 0-4 years of age population will be lower than it was in 1940 for every county. For most counties it will be lower than at any time since the pre-1900 settlement immigration was completed. Grade school population will be dropping sharply in the early 1970's.

Children ages 5-9 will also be fewer in number in 1970 as compared to 1960. These children were born during the decline from Iowa's 1947-1962 "baby boom". Their numbers are of concern to people planning junior high school programs for the early 1970's.

The 10-14 age group will be larger than at any previous time in history for all counties of the Northwest area in 1970. High schools may therefore be quite crowded during the early 1970's unless adequate building programs have been completed.

School planners and planning committees should, of course, take a detailed look at the present and potential age distribution of their particular territories. In rural districts the numbers are likely to be dropping even faster than indicated by the overall county numbers. A number of already small (in enrollment terms) school districts will become much smaller. This problem will be particularly serious in Northwest Iowa because of the numbers of low enrollment districts already in existence.

TABLE 15: The Young and the Old - Northwest Area

County	Age Range					
	Young			Old		
	Age 0-4	Age 5-9	Age 10-14	Age 65-69	Age 70-74	Age 74+
Year						
<u>Buena Vista</u>						
1940	1517	1526	1611	675	460	532
1950	2217	1715	1513	892	627	739
1960	2322	2248	2014	980	800	1027
1970	1441	1915	2341	873	760	1259
<u>Clay</u>						
1940	1514	1439	1570	522	401	434
1950	2012	1678	1382	641	470	579
1960	2042	2170	1830	814	549	749
1970	1361	1793	2201	690	609	930
<u>Dickinson</u>						
1940	1060	1042	1072	388	262	300
1950	1442	1107	1033	435	370	438
1960	1273	1334	1242	625	483	564
1970	824	1245	1508	655	515	771
<u>Emmet</u>						
1940	1288	1060	1176	446	293	329
1950	1678	1308	1175	530	339	450
1960	1699	1765	1580	606	468	626
1970	1089	1431	1682	584	448	835
<u>Kossuth</u>						
1940	2711	2503	2602	701	562	573
1950	3303	2621	2428	835	597	767
1960	3086	2985	2770	907	707	943
1970	1927	2571	2879	1032	837	1081

Table 15 - Con'd.

County	Age Range					
	Young			Old		
Year	Age 0-4	Age 5-9	Age 10-14	Age 65-69	Age 70-74	Age 74+
<u>Lyon</u>						
1940	1480	1483	1517	385	321	350
1950	1810	1465	1323	413	304	463
1960	1762	1710	1532	560	404	510
1970	1049	1352	1679	598	527	649
<u>O'Brien</u>						
1940	1679	1620	1667	572	488	614
1950	2162	1683	1554	659	494	695
1960	2153	2060	1849	898	719	854
1970	1335	1678	1981	828	753	1155
<u>Osceola</u>						
1940	973	1000	1105	244	198	224
1950	1171	1036	850	289	231	277
1960	1223	1179	997	418	308	356
1970	695	880	1089	438	341	506
<u>Palo Alto</u>						
1940	1608	1630	1679	504	342	371
1950	1917	1569	1472	520	368	481
1960	1736	1771	1573	621	472	600
1970	1024	1425	1680	601	496	744
<u>Sioux</u>						
1940	2706	2703	2896	715	554	610
1950	3196	2606	2408	808	646	794
1960	3251	3242	2679	1023	830	918
1970	2335	3222	3653	1019	848	1142

Source: Population Census
 "Employment Estimates and Population Shifts" Marvin Julius
 unpublished manuscript, May, 1969.

Figure 2 shows the territories covered by high school districts of the Northwest area in 1967. The districts are also shaded to indicate enrollment levels. Seven districts in the area had less than 300 pupils in kindergarten through 12th grade. Eighteen districts had an enrollment between 300 and 500 pupils, 11 between 500 and 700 pupils and 18 each had enrollment of more than 700 pupils.

The too-small school district can be questioned from the standpoints of cost of operation per student and adequacy of performance, particularly at the high school level. If the teaching staff is specialized enough to raise performance levels, the cost of operation per student becomes very high. If cost of operation is to be held down, the number of subjects taught per teacher must be increased and performance will usually decline.

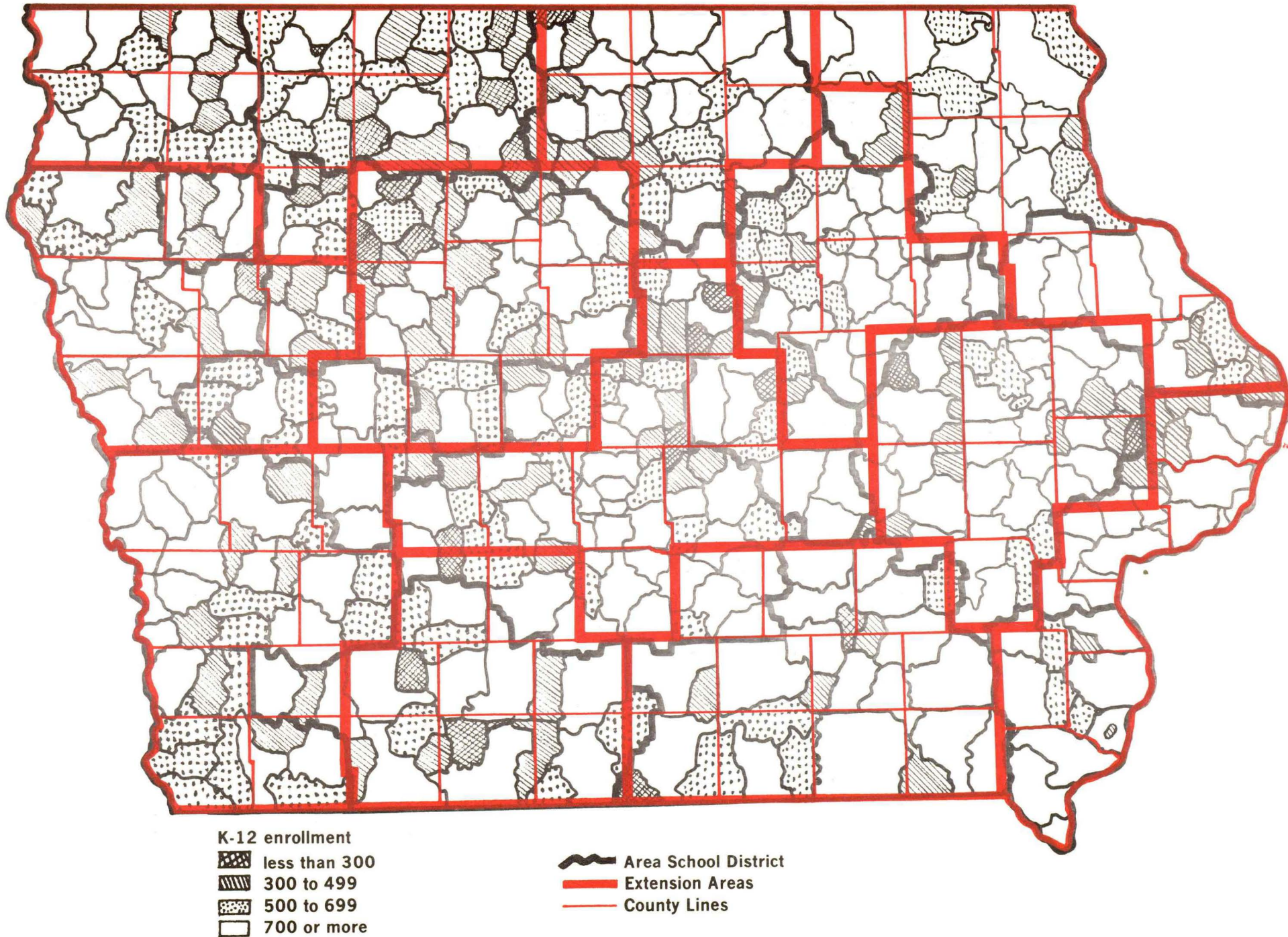
As people of the Northwest area observe and study these patterns of cost and performance and the declining numbers of students in the future, they are likely to have to consider additional school consolidations. It is likely, also, that the 18 school districts which had over 700 pupils in 1967 will be the focal points of most of the reconsolidations.

Table 15 also gives information on the numbers of older people who were in each county at census years and the estimated numbers for 1970. Two 5 year age groups are provided and an open-end group for 75 years of age and over. This latter group is one of the fastest growing of the entire population in all counties of the area. In 1970 each county is expected to have more people 75 years of age and over than at any time in history. For the ages between 65 and 75 years, the picture varies by counties, but generally there will be about as many people in these ages as there were in 1960, which was the high year up to that time for each county.

This build-up of the aging population indicates an increasing need for hospital, convalescent and nursing home facilities. Special recreational and housing programs for the aged may also need more attention.

Information and estimates of numbers by 5 year groups for the 15-64 age population is not presented. It is felt that the available 1970 estimates for this group of people may be unreliable because of unpredictable migration movements. In addition, working age population creates little special demand upon community institutions. Therefore, precise knowledge about changes in age distribution of this group is not as necessary as it is for the young and old population.

FIGURE 2. Iowa High School District Map



Decisions and Future Directions

The Northwest area has undergone many changes in recent years. Most of this report to this point has served to document some of these changes. Before looking to the future it may be helpful to remember that the past changes all occurred as a result of a continual process of decision making. The largest number of decisions were those made by individuals and very small groups such as families, partnerships, and boards of directors. Decisions by young men on whether or not to try to farm, by bankers on whether to grant particular loans, by families on whether to remain in or leave the community and by businessmen on whether to expand or contract are a few of the many types of individual and small group decisions that were made.

A second group of decisions resulted from community actions or from actions by large groups of people. Decisions to annex territory to a town, to build a new church or school building, to elect certain persons to public office and to allow or prohibit liquor by the drink are examples of public decisions by entire communities or counties or groups of counties or large numbers of individuals acting as a group.

Attempts to carry out decisions were not necessarily all successful. A decision by a young man with a family to start a farm operation on 120 acres in 1950 may have proved unwise. The growth of technology had pushed the optimum farm size to at least 240 acres and adequate incomes were only possible, with few exceptions, on the larger farms. The decision to be a small farmer was not generally possible because of a national trend in technology. Many other examples could be given of decisions that would have failed because national trends and forces were operating in an opposing direction.

Other decisions may not have been possible because of special local conditions. The absence of mineral deposits prevents any successful attempt at mining operations. The lack of even mildly mountainous terrain for skiing inhibits the development of the Okoboji vicinity as an all-season recreational area. These are obvious physical deficiencies, but more subtle conditions may also be important. A strong and widely-held opposition to any form of regimentation may delay zoning actions for many years. Historical jealousies or enmities between communities may prevent serious cooperation efforts, at least until some individuals have died or become inactive.

Between the extremes of the decisions impossible for national reasons and those impossible for local reasons is a wide range of possible decisions. Similarly, in the future, there are decisions that some people would like to make that are impossible for national reasons. Other decisions, also preferred by some people, are impossible for local reasons. In between is the range of decisions that have a good probability of success. The problem in charting future directions is two-fold. One part is to identify those decisions which are impossible to implement and to eliminate them from consideration. The other is to select a limited set of compatible actions of highest pay-off from the whole set of decisions which are possible.

Decision making can usually be kept within the bounds of possible success if sufficient information is available and is used. Much of the information presented in this report was selected because it could provide general background for many types of decisions. For any particular decision there may be specialized information available from other sources.

Goals for the Area

Table 16 presents a number of group goals which might be favored by either some community or area leaders or some sub-groups of community or area populations. In various ways, decisions will be made to try for, or to abandon, each of these goals. The right hand side of the table presents the first impression judgment of the author regarding the possibility situation during the early 1970's for each goal. Other observers including knowledgeable people of the area, might change the list of goals and some of the possibility ratings. The table therefore should not be interpreted as a carefully researched guide to action. Its purpose rather is to illustrate the kinds of goals that people may suggest for acceptance or rejection and some thinking about these goals in terms of possibility of success.

Several pages could be written about each of the goals of Table 16, if the background of each were to be explored in detail. Such detailed discussion of specific projects must be left for follow-up educational efforts which may involve special meetings and special studies.

Functional Economic Area

The one topic of general concern that properly belongs in this study is the attitude of the area's communities to a functional economic area pattern. The entire Northwest area of Iowa, which we have been describing, and much of adjoining Southwestern Minnesota has not, thus far, developed the typical functional area in all its aspects that characterizes most of the Midwestern United States.

A typical functional economic area in rural Midwestern United States has a central city of at least 25,000 population. The functional economic area extends to about a fifty mile radius (by road distance) in all directions from the central city. The activities which require a very large population or labor base are located there. Among these are large department stores, factories with 500 or more employees, a junior college or community college, a regional hospital and clinic, wholesale warehouses, a multi-purpose airport, a daily newspaper and radio and television broadcasting. Because of the concentration of population and labor supply and community services already present, the central city can act as a growth center in attracting additional export activities to the area.

As the central city grows the satellite cities and towns tend to grow also partly because of driving distance closeness to big-city services that would not be available if the central city were not there. Many employers, particularly of smaller firms, will choose small city and town locations for various reasons provided there is a central city nearby. The net result is that some satellite cities and towns will be larger than they would have been if no central city existed.

Table 16. Illustrative Set of Goals for Consideration

Goals	Difficult for national reasons	Within poss- ibility range	Difficult for local reasons
Creation of a large central city			*
Recruitment of only high wage industries	*		
Stop the agriculture employment decline	*		
Have no school district below 3,500 enrollment			*
Have no school district below 1,000 enrollment		*	
Make tourism as large as agr. and mfg. export	*		
Use recreational facilities as an industry inducement		*	
Consolidate all churches in each town			*
Keep all young people in the area	*		
Put a doctor in each town	*		
Establish centralized multi-town medical facilities		*	
Establish regional planning activities with public funding		*	
Reorganize churches to have none below 350 members		*	
Consolidate all counties into an area govt.			*
Stop all shopping center development	*		
Establish more multi-govt. joint programs		*	
Form a heavily funded area industry promotion group			*
Start interlocking memberships among local industry promotion groups		*	
Make representation on area committees proportional to population			*

The Northwest Iowa-Southwest Minnesota territory is bounded by the medium-large cities of Brookings and Sioux Falls, South Dakota, Sioux City, Fort Dodge and Mason City in Iowa and Albert Lea and Mankato in Minnesota. Almost all people within one-hour driving time of any of these named cities go to that city for some services. However, a large territory remains within which people are more than one-hour driving time from a central city and in which a non-typical pattern of growth has occurred.

What we find is a group of small cities, somewhat uniformly spaced over this rural territory. Included are Worthington and Fairmont in Minnesota and Estherville, Spencer, Storm Lake and Cherokee in Iowa. All of these are in the 7,500 to 10,000 population size class. They might all be characterized as "embryo" central cities. Each has a restricted trade and influence territory because of the nearby presence of other cities of equal or larger size.

The East and West edges of the Northwest Iowa area are already within the territories of existing central cities of 25,000 or more population. The uncertainty about future development patterns exists primarily for the part of the area made up of Osceola, Dickinson, Emmet, O'Brien, Clay, Palo Alto and Buena Vista counties.

The pattern of development of the past appears to be one of scattering of the activities. Manufacturing activity, post-high school education, recreational activity, health services and others all give the impression of being scattered rather than concentrated in location. While this is not typical development, no outsider should say that it is wrong or unwise. The people of the area will ultimately give the answer by their behavior in adequately supporting or not supporting these activities in their scattered locations.

On the other hand, there are some things that probably cannot be done by a pattern of slow uniform growth of small cities with no larger central city. A high-capacity multi-purpose airport needed for access to many of the markets of the future is barely feasible for a city of 25,000. It is impossible, without heavy tax support, for any city of less than 15,000.

It is unlikely also that a prospective employer of 500 or more skilled workers would be highly attracted to any city of the area if the major regional services for that area were not all located at one place. He would, other things being equal, favor another area where the community college and vocational school, the major hospital facilities, the largest airport, and the regional government services were all located in the central city.

To some extent, the people of Northwest Iowa still must choose whether they will work toward the development of a central city or whether they will continue to develop an area with several small centers. The decision is not likely to be made by any one committee or group working with this problem alone. Rather, the final result will emerge from the accumulation of many location decisions by business firms, financial institutions, area school boards, a regional airport authority, regional planning commissions, area health committees, a council of governments, municipal and county governments and other institutions and individuals.

Each group of people responsible for making a location decision should remember that this decision also has an effect on the overall settlement pattern of the future. In many cases, the choice between any two or more places for a specific activity should be influenced by the effect of each location upon the overall settlement pattern.

Some Final Thoughts

This report may not have an optimistic tone. It tends toward a "realistic" look at the area, and it deals somewhat more with problems than with success stories. This is in keeping with its purpose as a background document for leaders who are considering changes that they hope will better the area. The report is not designed to be a promotional piece for the area.

On the other hand, there is no intent to downgrade promotional activities and optimistic attitudes. Effective community leaders need to believe that their community and area are among the best of all communities and areas in which to live and work. If they have had failures they will feel it was because they picked impossible projects or made mistakes in the education or action processes. They will not believe that there are basic faults in the community or area that prevent possible changes that most of the people are willing to support.

Constructive and optimistic attitudes toward change and a good understanding of the facts of past and present situations are both essential for area progress. This report provides some of the necessary facts and interpretations. People of the area have provided and will provide the constructive and optimistic leadership.

N O T E

This is one in a planned series of publications on the economic activity in the 12 different Extension areas in Iowa (see map on cover for outline of these 12 areas). It is intended primarily for the use of decision-makers in the area who desire access to detailed information.

A condensed "popular" version of this report is also planned, plus a publication summarizing the principal findings for all 12 areas of the state.

As new data becomes available and as resources permit, the Extension Service intends to update this study. Keep in touch with your county or area Extension Director about revisions. He will, of course, endeavor to supply you with current educational information about the economic activity in the area as it becomes available.