



The Great Recession, Families, and Children in New Mexico
January 2012
Albuquerque, New Mexico

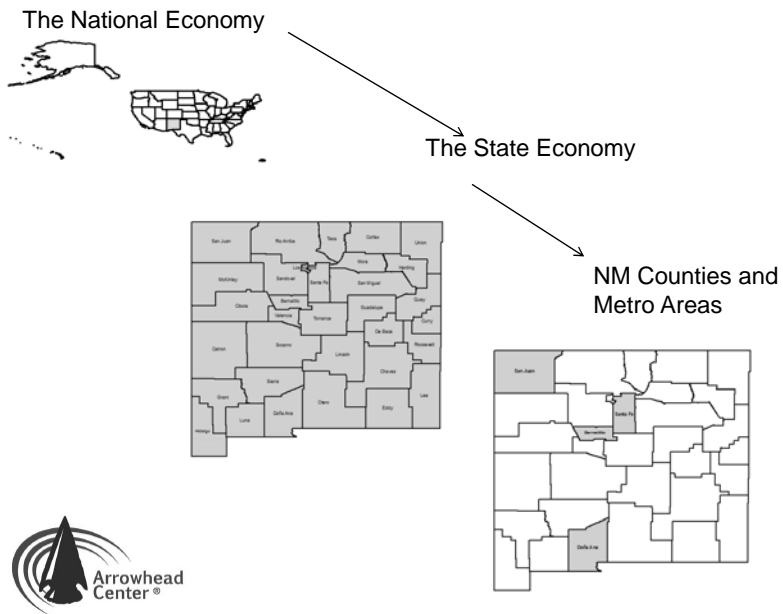
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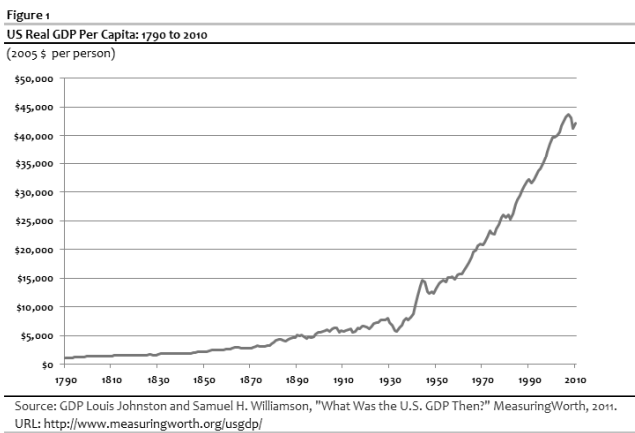
Outline

- The national economy and how it affects the New Mexico economy
 - New Mexico ranks 43rd among the 50 states in per capita income
- How the economy affects families (and children) and vice versa
- State policy –some realistic possibilities



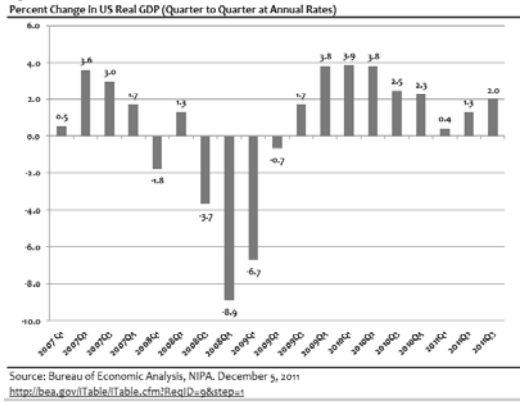


We can do almost anything



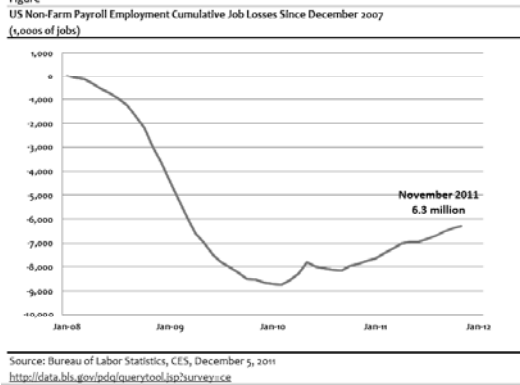
Real GDP

Figure xx.xx

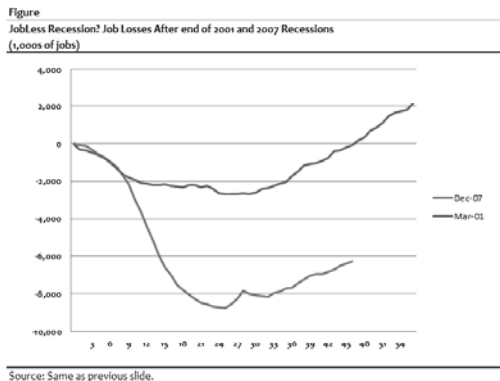


Employment: A Long way to go ...

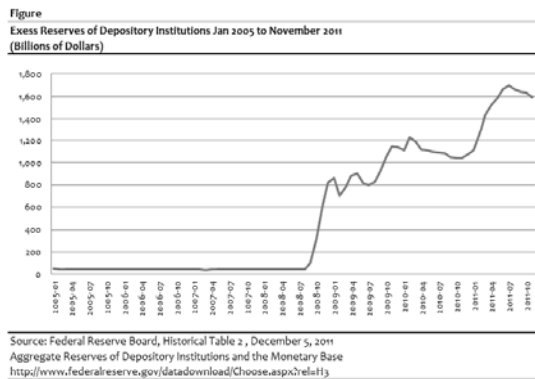
Figure



Not the Usual Recession...



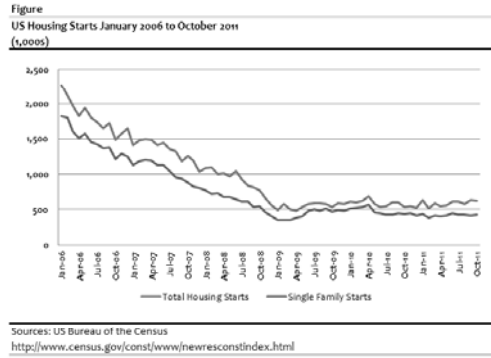
Excess Reserves Remain Excessive



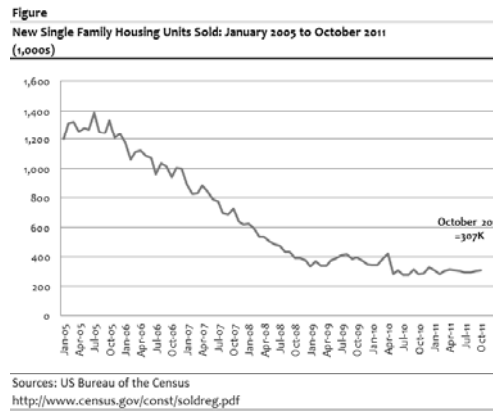
Average January 05 to August 2008 → \$1.8 Billion
Average September 08 to November 2011 → \$1.3 TRILLION



Housing Starts

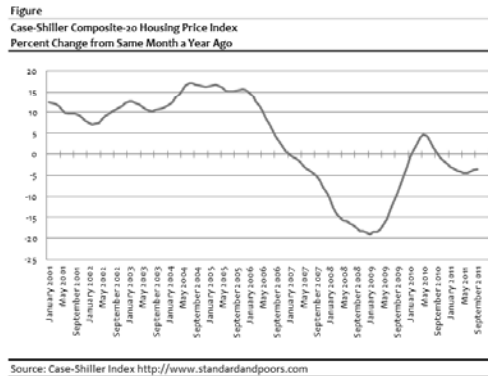


New Single Family Housing Units Sold

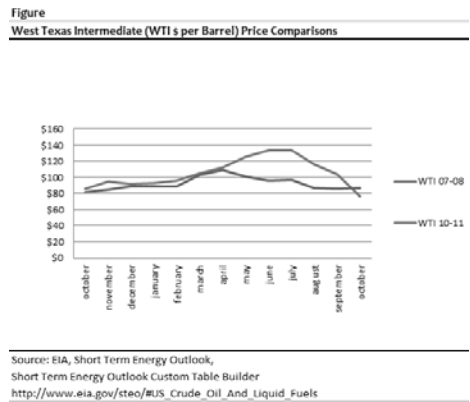


Housing Prices

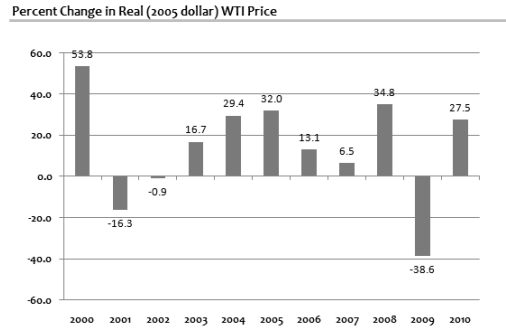
“The housing market recession is not yet over, and none of the statistics are indicating any kind of recovery”
David Blitzer, Chair, S&P Index Committee



Energy Prices . . . Are we headed for \$147 oil again?



Energy Market Volatility



Source: Energy Information Administration, Short Term Energy Outlook.



Round up the usual suspects (forecasters)

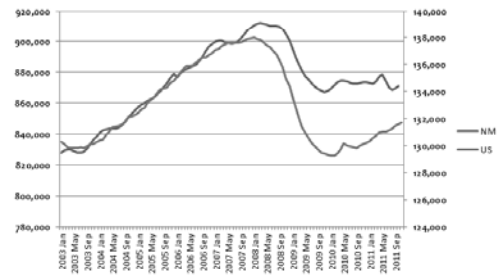
Forecasts

Forecaster	Percent Change in RGDP	Date of Forecast	Percent Change in RGDP	Date of Forecast
	2012		2012	
Conf Bd	1.8	August 10, 2011	1.1	November 9, 2011
Wells Fargo	1.9	August 10, 2011	2.0	November 9, 2011
MBA	2.3	August 19, 2011	1.8	November 15, 2011
Ph. Fed	2.6	August 12, 2011	2.6	November 14, 2011
OECD	3.1	June 1, 2011	2.0	November 28, 2011
IMF	2.5	June 1, 2011	1.2	September 21, 2011
Fed 1	2.2	June 21-22, 2011	2.5	November 2, 1011
Fed 2	4.0	June 21-22, 2011	2.9	November 2, 1011
CBO	2.8	January 1, 2011	2.7	August 1, 2011
Mean	2.6		2.1	



The US and New Mexico

Figure XX
US and NM Non-Farm Payroll Employment: Jan 2003 to November 2011

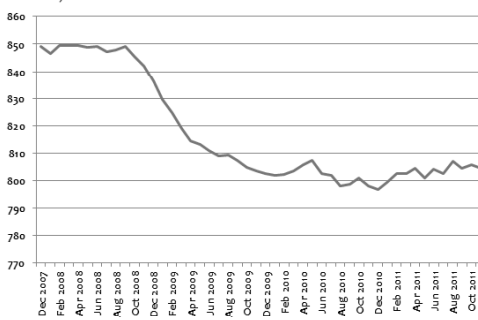


Source: Bureau of Labor Statistics,
<http://www.bls.gov/ces/data>



The New Mexico Labor Market (1)

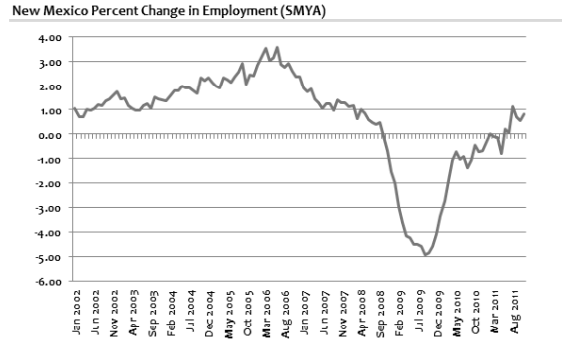
New Mexico Total (non-Farm) Employment: December 2007 to Nov 2011
(1,000s of Jobs)



Source: U.S. Bureau of Labor Statistics (CES), <http://data.bls.gov/pdq/querytool.jsp?survey=sm>
Net Loss = 44,700 Jobs Jobs gained during 2011 = 5,200



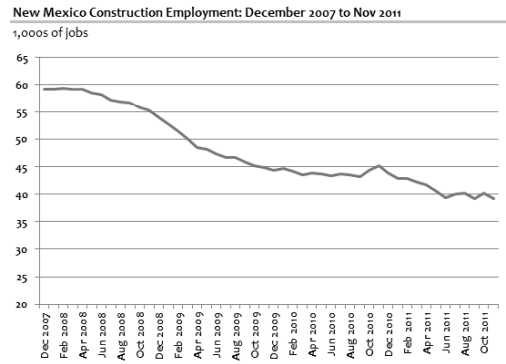
The New Mexico Labor Market (2)



Source: Author calculations from BLS (CES) data.



The New Mexico Labor Market (3)

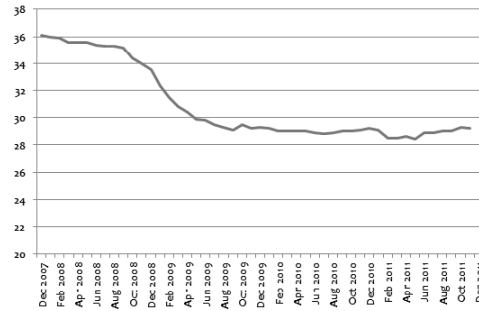


Source: Same as previous chart
Net Loss since Dec 2007 = 20,100 jobs



The New Mexico Labor Market (4)

New Mexico Manufacturing Employment: December 2007 to Nov 2011
(1,000s of jobs)

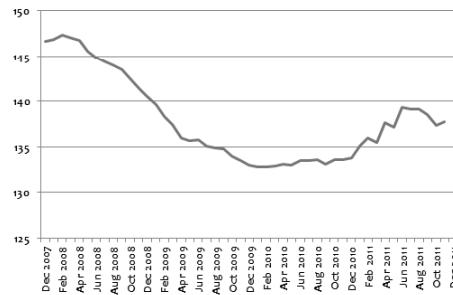


Source: Same as Previous Chart
Net Loss Dec 2007 to Nov 2011 = 6,900



The New Mexico Labor Market (5)

NM Employment in Trade, Transportation and Utilities: Dec 2007 to Nov 2011
(1,000s of Jobs)

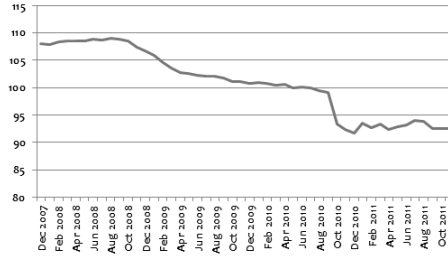


Source: Same as previous chart.
Net Loss of Jobs = 8,900



The New Mexico Labor Market (5)

New Mexico Employment in Professional and Business Services: Dec 2007 to Nov 2011
(1,000s of Jobs)

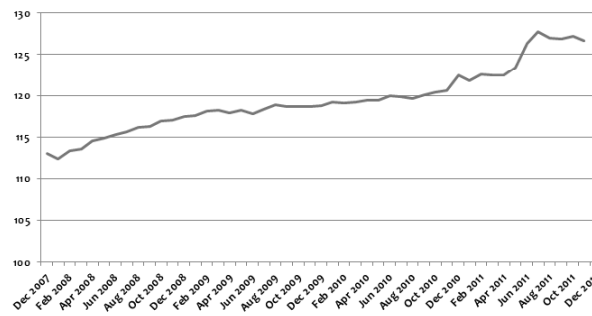


Source: Same as Previous Chart
Net Job Loss = 15,400



The New Mexico Labor Market (5)

New Mexico Education and Health care Services Employment: Dec 2007 to Nov 2011
(1,000s of Jobs)

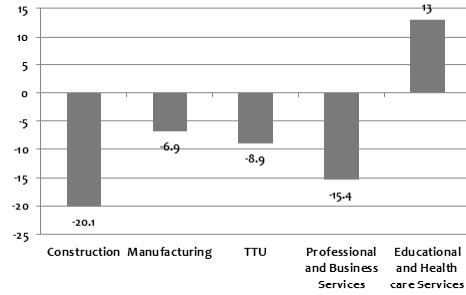


Source: Same as previous chart.
Net Job GAIN = 13,000



The New Mexico Labor Market (5)

New Mexico Job Losses and Gains by Sector: December 2007 to November 2011

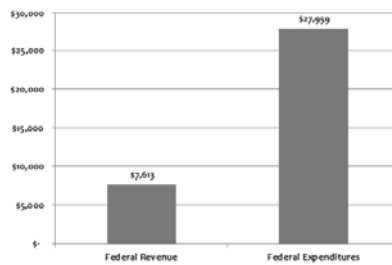


Source: Same as Previous



New Mexico and the Federal Government?

Figure xx
Federal Revenue and Expenditures: New Mexico FY2010
Millions of Dollars



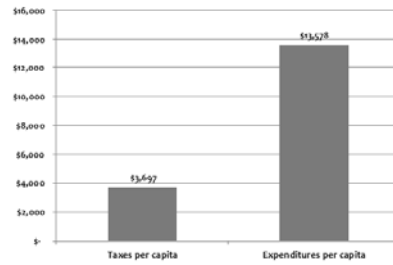
Sources: Revenue Data from IRS, Statistics of Income FY2010. Expenditure data from Consolidated Federal Funds Report, FY2010, Table 1.
Note: Revenue includes all tax and non-tax revenue.

New Mexico Ratio of Expenditures to Revenue = 3.67 Rank Among 50 states = 1



Per Capita Federal Expenditures and Revenues

Figure xxx
Per Capita Federal Revenue and Expenditures: New Mexico FY2010
Dollars

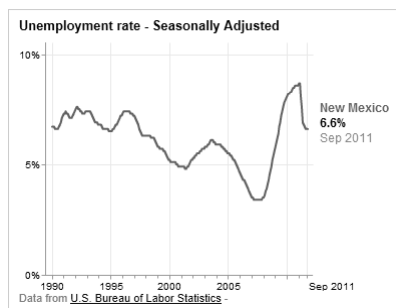


Sources: Revenue Data from IRS, Statistics of Income FY2010. Expenditure data from Consolidated Federal Funds Report, FY2010, Table 1.
Note: Revenue includes all tax and non-tax revenue.

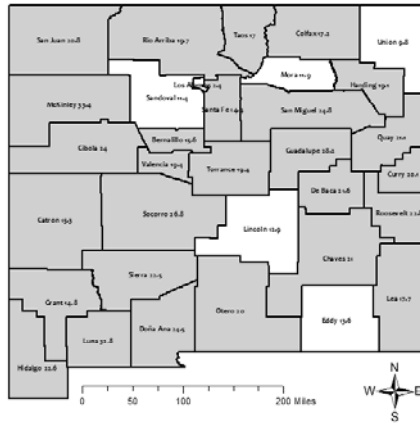
New Mexico Ranks 48th in Taxes per capita.
New Mexico Ranks 5th in Expenditures per capita
New Mexico Ranks 3rd in net (expenditures - taxes) per capita



New Mexico Unemployment



Poverty in New Mexico

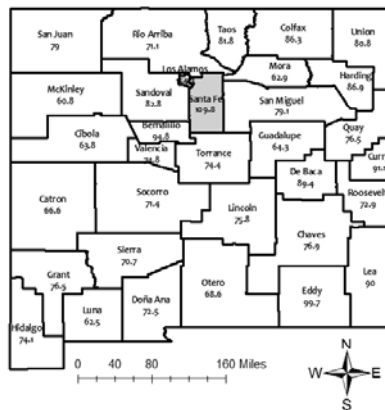


Blue shaded counties have poverty rates above the national average (13.8%)

Source: American Community Survey, 2006-2010 five year estimates



Per Capita Income in New Mexico: 2009



Blue shaded counties have 2009 per capita income above the national average (\$36,846)

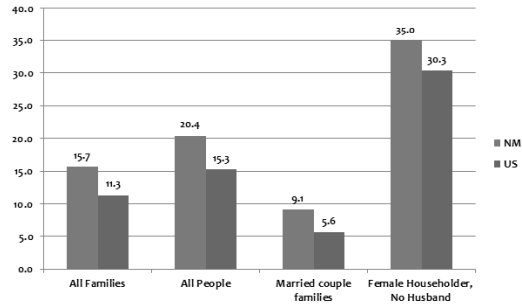
Source: U.S. Bureau of Economic Analysis



New Mexico Poverty (1)

Figure Poverty 1.1

Percent Below Poverty Level in the US and New Mexico: 2010



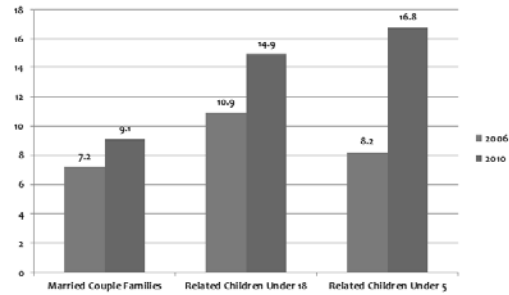
Source: U.S. Bureau of the Census, American Community Survey, 2010 1 year estimates.



New Mexico Poverty (2)

Figure Poverty 1.2

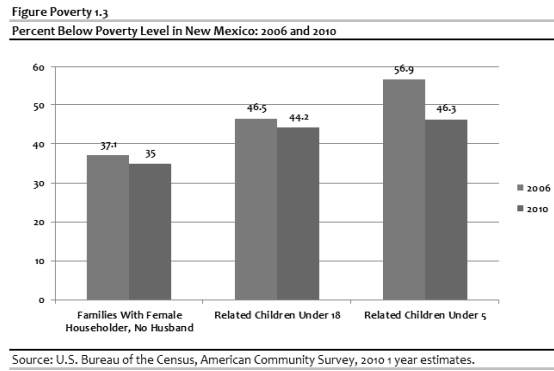
Percent Below Poverty Level in New Mexico: 2006 and 2010



Source: U.S. Bureau of the Census, American Community Survey, 2010 1 year estimates.



New Mexico Poverty (3)



Policy!

- Poverty is a policy decision
 - Poverty is not the result of too many people
 - Poverty is not the result of a shortage of natural resources
 - Poverty is not the result of inadequate technology
 - Poverty is not the result of laziness or because the poor are simply bad people

Policy!

We have had the resources and technology to eliminate poverty (globally) for more than a century—including poverty in New Mexico

- Some real causes of poverty include
 - An under-performing economy
 - Inadequate education and training
 - Discrimination
 - especially labor market discrimination
 - Inadequate infrastructure
 - especially transportation, education, health, and recreation
 - The Vicious Circle
 - poverty as its own cause
 - poor families → poor education and health → more poverty
 - Economic Development Mythology
 - especially “the low wage economy wins” and “the automatic convergence” myths

Policy!

- Factors not controllable by New Mexico policy actions
 - National (and international) economic performance
 - Energy and other commodity prices
 - Interest rates
 - The rise and fall of industrial sectors
 - Population aging
 - Who wins the World Series
- Some things New Mexico policy can accomplish
 - Control the quality and quantity of education (and training) in the state
 - Provide the infrastructure required for a 21st century economy
 - Put an end to labor market discrimination in the state
 - Achieve much greater efficiency in state government

Some Specific Policy Actions

- Establish a long-term systematic economic development and poverty reduction strategy
 - Based on energy and education?
- Establish a New Mexico Council of Economic Advisors
 - to provide independent advice to the executive and legislative branches
- Examine all economic development policies and actions for their long-term consequences
- Establish a long-term infrastructure investment strategy
 - Evaluated on the basis of its economic development consequences
 - Recognize that growth requires substantial investment
- Create the best education and training opportunities in the nation
- Gradually abolish all tax incentives designed to attract industry from other states
- End childhood hunger in the state

Thank you
Questions?