Mississippi Economic Review and Outlook

Dear Readers,

As we leave 2001, we look back to September 11 and the tragedy that has been changing our lives. That tragedy has caused us to reexamine our values and goals. After the deaths of so many, we now place a new emphasis on security, both for ourselves and for the world community. We also have a new appreciation for the strength of the people who make up our country.

Our goals for the coming years, whatever we may decide, from combating terrorism to reducing world hunger, will depend for their achievement, in large part, on the strength of our economy. The current recession, while painful, will have little impact on that strength. Long-term changes in our laws and institutions regarding civil rights, homeland security and immigration, however, can have a great impact on how our economy functions. Such changes, then, deserve more thought than that devoted to crafting short-term measures aimed at ending the current downturn. That said, this Review focuses on the current recession–its causes and cures--and only touches on the deeper changes occurring in our nation's economy.

Besides the outlook for the national and state economies presented in the first two articles, there is also an article by Robert Neal addressing the sweeping changes that are taking place in the state's power industry. There are also brief pieces on occupational safety and on 2000 Census data on Mississippi.

With this issue, I am starting to publish information about website locations that will be useful to you and others who need information on Mississippi and on issues of interest to Mississippians. I would also like your suggestions: please email me at mhill@ihl.state.ms.us with your favorite research websites.

To subscribe to this *Review,* which is published twice yearly, please fill out the form included in this issue. National projections are based on the forecast of DRI-WEFA. As always, the views expressed in the *Review* are those of the authors and do not necessarily represent the official position of the Center for Policy Research and Planning or the Mississippi Institutions of Higher Learning. Letters to the editor are welcome.

Best wishes to you and yours in 2002 from those of us at the Center for Policy Research and Planning.

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NATIONAL ECONOMIC OUTLOOK

***Terrorist attacks pushed the U.S. economy, which had been at a virtual standstill since March, into full-fledged recession, according to the National Bureau of Economic Research.**

***With a $170 billion drop in gross private domestic investment between the second quarter (Q2) of 2000 and Q3 of 2001, the equivalent of 1.7% of gross domestic product (GDP), a recession was almost unavoidable. The downturn in domestic travel and widespread layoffs following September 11 pushed the economy over the brink.**

***The slump in the U.S. has spread to other countries, slowing U.S. exports and making recovery more difficult. Industrial production is in the worst world recession seen in 20 years.**

***A mix of fiscal and monetary policies is expected to expedite recovery, which is now forecast to begin by Q2 of 2002. Consumer tax rebates, stepped-up depreciation allowances for business, increased federal spending on security-related measures and low interest rates are among the policy measures promoting growth.**

***It took two months for the Nasdaq Composite Index and the Dow-Jones Industrial Average to return to pre-September 11 levels. The U.S. dollar, however, dipped in value only briefly. With a continuation of satisfactory progress in the U.S. antiterrorist initiative, business and consumer confidence will continue to improve.**

***Inflation has dropped, with lower energy prices a major contributor to this fall.**

***The Federal Reserve's target rate for federal funds was at 2.0% in November, the lowest target seen in 40 years, and mortgage rates were at 6.45%, the lowest level in 30 years of record-keeping. These low rates, along with the zero-interest auto loans currently available, are gradually translating into purchases and are favorably impacting the outlook for a spring recovery.**

Rocked by the events in New York City and Washington, D.C., and the ensuing anthrax scares, the nation is changing how it does business. The new, more uncertain world which began September 11 demands changes to ensure increased protection against terrorism. Airline travel, entry procedures at the border for persons and products, medical practices, civil rights and police powers have all been affected.

At the same time, the economy is in a slump. However, huge government expenditures (equal to more than 1.0% of GDP) for the rebuilding of New York City, military operations abroad, and new security measures, along with tax breaks and an expansive monetary policy, will help to speed recovery, which is now expected to be well underway by Q2.

The resiliency of the economy can be seen in how deftly it has dealt with these changes. The technology-heavy Nasdaq composite stock index had returned to pre-attack levels by early November, and the

Dow Jones Industrial Average reached its September 10 close of 9587.52 by mid-November. The value of the U.S. dollar was scarcely affected: it has been rising steadily since late September. Consumer confidence in October and early November was up, according to the University of Michigan's Index of Consumer Sentiment, and retail sales increased 7.1% in October as consumers took advantage of the zero-financing available for auto purchases. There was also good news from the Conference Board, whose Index of Leading Indicators was up a strong 0.3% in October, following a 0.5% decline the previous month.

This is not to deny that the economy is in recession. Even pre-dating the terrorist attacks, the national economy was in trouble. The 1.1% drop in GDP in the third quarter is expected to be followed by an even greater drop in the fourth–and two quarters of negative growth in GDP is all that is required to qualify a downturn as a recession. The National Bureau of Economic Research has in fact declared that a recession began in March.

Table 1 provides a summary of trends in recent economic indicators, and includes projections for Q4 and for 2002:Q1. The drop in GDP has been led by a downturn in industrial production, which has now continued for over a year. In September, industrial output was down 6% in comparison with the same month in 2000, and fell another 1.1% in October, making this 13-month decline the longest seen since 1932. Worldwide, manufacturing has been in its worst recession since the early 1980s. The critical housing market has also slowed, and exports have been falling, although imports have dropped even more rapidly.

U.S. employment growth turned negative in Q2, and since July, the number of jobs lost has been greater each month. Despite the boost to personal income in Q3 provided by the tax rebates, real consumer expenditures grew at their slowest rate since 1991, according to preliminary estimates.

On the other hand, consumer confidence had been predicted to fall by almost as much as the stock market in the last quarter of 2001, but recent surveys indicate a more positive outlook among households. In fact, surprising analysts, auto sales hit their second-highest monthly rate ever, at 21.3 million units of light vehicles in October. Zero-rate financing did the trick–worth about $4,000 per car--and the turn away from air travel contributed.

There are other positive trends. The price of oil, as shown in Table 1, has fallen markedly, increasing consumer buying power, and interest rates are at their lowest level in several years. The rate of inflation, in turn, has decreased from levels that were already low. Hourly wages have continued to rise among those employed, due to contracts and agreements previously negotiated, and this has helped to maintain consumer spending. After no productivity growth in Q1, a positive trend has resumed as layoffs have left fewer workers on the job to maintain production.

When Will It End?

The question that dominates discussion of the recession is, not unexpectedly, when will it end? This recession was caused by a drop in investment demand, and an upturn in demand is needed to end it, to put it very succinctly. Most analysts are looking for this upturn in demand to take place by spring. The analysis behind this prediction follows.

Three of the four major components of market demand--namely consumer spending, government spending and net exports--have been increasing over the course of the year. Only one component, investment spending, has fallen; it has been decreasing for the past five quarters, however, for a total drop of $170 billion in gross private domestic investment since Q2 of 2000,

Table 1. **SELECTED QUARTERLY NATIONAL ECONOMIC INDICATORS**

Percentage Change, SAAR, Current Dollars Unless Otherwise Indicated

	2000 III	2000 IV	2001 I	2001 II	2001 III	2001 IV[P]	2002 I[P]
Gross Domestic Product (1996$)	1.3	1.9	1.3	0.3	-1.1	-1.8	-0.5
Index of Industrial Production	3.5	-0.9	-7.0	-4.4	-6.4	-4.3	-4.9
Manufacturing, % Capacity Utilized	81.7	80.3	77.9	76.4	74.7	73.0	72.0
Establishment Employment	0.2	1.0	0.9	-0.2	-0.4	-2.3	-0.1
Index of Productivity	1.4	2.4	0.0	2.0	2.0	1.4	0.9
Business Loans	8.0	3.3	7.1	-4.4	-9.9	-9.9	-8.0
Consumer Credit Outstanding	8.1	10.4	10.5	4.5	0.4	-1.1	1.4
Personal Disposable Income	5.0	6.1	5.9	3.7	11.8	-4.7	6.3
Index of Hourly Compensation	7.0	8.7	5.0	4.7	4.5	2.6	3.2
Standard & Poors 500 Equity Price Index	7.8	-29.9	-26.3	-13.4	-29.3	-20.8	15.5
Consumer Expenditures	6.6	5.1	6.2	3.8	0.8	2.7	-0.0
Index of Consumer Sentiment (University of Michigan)	107.5	103.9	92.3	91.0	88.6	73.2	81.0
Light Vehicle Sales, Millions, SAAR	17.4	16.2	17.0	16.7	16.2	16.8	14.6
Housing Starts, Millions, SAAR	1.53	1.56	1.63	1.62	1.59	1.51	1.52
Gross Private Domestic Investment	-2.8	-2.3	-12.9	-12.7	-11.2	-9.8	-1.6
Before-Tax Corporate Profits	-1.8	-19.4	-29.8	-9.2	-21.8	-38.5	10.3
Current Account Balance (Billions $)	-$461	-$465	-$447	-$426	-$335	-$385	-$386
Refiners Acquisition Cost Oil, (Average Per Barrel)	$29.61	$29.27	$25.20	$24.69	$24.07	$20.02	$20.01

SAAR - seasonally averaged annual rate, based on quarter-to-quarter growth rates.

[P]Third quarter data are preliminary numbers and estimates. Fourth and first quarter data are projections.

SOURCE: WEFA Group, November 8, 2001, except that figures on gross domestic product are from December 13,2001.

the equivalent of a 1.7% drop in GDP. (Investment spending includes expenditures on the construction of structures and purchases of equipment and software by business, as well as residential construction.) There is a multiplier effect associated with this drop, as the associated fall in employment means slower growth in consumption and government revenues. The recession may end when private investment spending flattens out and then turns back up, but it also could end earlier if the drop in investment spending is replaced by a rise in demand from other sectors of the

economy.

Consumers are not expected to provide the needed boost in demand: although an increase in consumer indebtedness could boost sales and business profits, this wouldn't offer a sound basis for recovery. An expansion based on further consumer indebtedness would be unstable, with any sudden drop in consumer confidence resulting in cutbacks in sales and production. Tax rebates are not the answer either. The rebates received in the fall, although helpful, were generally used to pay down debt, with only a small part showing up immediately in consumption. The rebates did bolster the consumer, who was contending with an erosion of wealth and rising unemployment, but the impact was limited.

The private business sector is generally acknowledged to be key to the recovery. Businesses, having abandoned several planned investments and in many instances having laid off workers or closed operations, are expected to stabilize their investment expenditures and employment levels in the first part of the new year. In Q1, investment expenditures will largely be simply for replacement or maintenance of operations, and levels may continue to fall. By Q2, investment will flatten out, and will gradually begin to rise, fueled by tax incentives and low interest rates. Increased government spending along with the growth of consumer expenditures as employment stabilizes will provide the profitability needed for investment spending to resume this upward path.

Exports are not expected to be important in this process. Net exports have improved somewhat in recent months, but only because the drop in exports has been less than the drop in imports. This trend may be reversed in Q4, with exports falling more rapidly than imports.

Government Spending: Critical to an Early Recovery

Government spending, along with other fiscal and monetary incentives, are widely expected to lead to an earlier arrival at greener pastures than would otherwise occur. The increase in national security spending and the economic stimulus measures expected to be approved by Congress before the year's end will provide a sizeable boost to spending. Congress initially allotted $40 billion for an emergency recovery package, including aid to New York City and Washington; $15 billion for the airline industry followed; and another $50 billion to $100 billion in new spending and tax incentives is contained in the various bills being debated by Congress, one of which will be passed before the holidays begin. Operations in Afghanistan are also absorbing billions of dollars, with 35,000 reservists called up initially.

However, it will take a while for all of these expenditures to actually take place, and in the meantime, further drops in investment spending are expected: an additional fall of $28 billion is likely in Q4 and another $6 billion in Q1. The recovery, in short, will necessarily be gradual.

Fiscal and Monetary Incentives

Stimulative measures that have been proposed or passed are expected to include more tax breaks for business, increased unemployment benefits for individuals and Medicaid subsidies for states with rising unemployment, in addition to spending on security-related measures involving defense, intelligence, travel, trade, public health and the protection of public utilities and other possible terrorist targets.

Among the tax breaks, there will be a stepped-up depreciation allowance for businesses, whose main effect is likely to be seen in higher after-tax profits than in direct investment. There will also probably be an increase in the length of time that the unemployed may receive benefits.[1]

Payroll Employment Shrinking

Total payroll employment has been falling since July, but only in October, after a loss of 439,000 jobs in the private sector, did employment levels drop below those of the same month in 2000. The October drop in nonfarm payroll employment was the largest decrease since May 1980. The unemployment rate in October rose to 5.4%, its highest level since December 1996.

Losses in the private sector have totaled 1.2 million since March, and overall job loss, including the government sector, has totaled 887,000, based on data through October. These job losses have been widespread. While manufacturing employment has been falling since July 2000, all non-government sectors have been hit in recent months. The decline in service sector employment of 111,000 in October was the largest drop in the history of the series, which dates back to 1939.

Travel-related service industries were hit particularly hard, including hotels (46,000 jobs lost) and auto services (13,000), notably auto rentals and parking services.

Other sectors affected include transportation/public utilities, which lost 55,000 jobs in October–mostly in air transport (42,000) but transportation services/ travel agencies were also down (by 11,000). Retail trade lost 81,000 jobs the same month, continuing a downward trend. Security brokerage was also hit hard.

In addition, the number of hours worked by those employed has been declining: the index of weekly hours worked by private nonsupervisory workers was down by 2.2% from its January peak. The similar manufacturing index was 11.5% below that of July 2000. The turnaround in employment is currently predicted to begin in March or April.

Also, the Federal Reserve has aggressively lowered interest rates. The Federal Funds rate, the rate at which reserves are loaned to commercial banks, was 5.6% in Q1, but had dropped to 3.5% by Q3 . The expected rate in Q4 is 2.3%, which would mean a 3.9% rate for the year, the lowest this rate has been since 1993. The Fed's target rate as of November is an incredibly low 2.0%, the lowest seen in 40 years.

World Economy

An upswing in the world economy would accelerate the pace of recovery in the U.S., but this does not appear to be in the cards. The growth of world GDP, minus the U.S., had been slow in the first half of 2001, and after the third quarter downturn here, the rate of world growth has dropped to recession levels. As estimated by DRI-WEFA, the rate of increase in world GDP will be 1.4% in 2001, and 2.0% next year.

The Organization for Economic Cooperation and Development is slightly more optimistic about its European Union member countries, predicting only a near-recession this year and recovery by mid-2002. Japan, on the other hand, continues to be in a recession deeper than that experienced here, with a drop in its growth rate to -1.2% predicted for 2001, and a -0.9% drop expected in 2002. There are areas with more positive growth trends this year, including China, Eastern Europe, Africa,

the Middle East and the middle-income countries of Asia. The overall picture remains one of an almost synchronous downturn, however.

Increased security precautions at border crossings, bridges and tunnels has added to the slowdown in trade. The trucking and tourism traffic between the U.S. and Canada, for example, is now subject to procedures that are much more time-consuming and complicated. This poses a particular burden for auto manufacturers, who are on a "just-in-time" inventory system. Mexico's manufacturing exports to the U.S. are also subject to a similar increase in delays at the border. Ports and airports have beefed up inspection procedures, further slowing the pace of trade.

Federal Deficit With Us Again

While the increase in government spending and tax cuts are providing a much-needed stimulus to the economy, the combined effect of these changes along with slowing government revenues has meant a return of the federal deficit. On a calendar year basis, the projected federal deficit is $42 billion in Q3 of 2001, compared to a surplus of $194 billion in the previous quarter. An overall surplus remains for 2001, but will be gone by 2002. With a satisfactory recovery, the surplus will return by 2006.

The rising deficit will make it more difficult for Congress to find funds for new programs, such as the proposed prescription drugs benefits for seniors, and will hasten the crisis point for Social Security and Medicare/Medicaid programs, which until recently were predicted to remain solvent until about 2035.

DRI-WEFA Forecast for the National Economy

The DRI-WEFA November 1 forecast with annual figures, shown in Table 2, assumes that higher federal spending kicks in quickly and includes additional assistance for the unemployed. Oil prices are assumed to remain low, and consumer and business confidence to rise steadily. This forecast was given a 50% probability.

Under this scenario, the growth rate of GDP will be negative in Q3 and Q4 of 2001, but improving by Q1 of 2002. Solid positive growth of about 3.0% in Q2 marks the return to near normal growth patterns. Overall, GDP does not return to its mid-2001 level until late in Q2, however. The growth rate overall is forecast to be 1.3% in 2002, rising to a handsome 4.3% in 2003 before moderating in 2004. Inflation stays in check, dropping to 1.7% in 2002, as measured by the GDP deflator, and the rate of increase in consumer prices is not much higher. For the 2002-2004 period, inflation is predicted to remain below 2.5% overall.

The DRI-WEFA forecast with quarterly figures for Q4 of 2001 and Q1 of 2002 , shown in Table 1, was made November 8, and is somewhat more pessimistic than its November 1 forecast. The November 8 forecast, however, pre-dates the favorable turn of events in Afghanistan and the positive mid-November reports which included a rise in consumer confidence and a strong growth of retail sales. The December forecast, made as we go to press, in fact shows an improved outlook. The more favorable November 1 forecast, rather than that of November 8, has been used in Tables 2 and 3.

The return to a positive growth of output and employment begins in late Q1, 2002, under the November 1 forecast, or in Q2, under the November 8 forecast. Under either scenario, the return to positive growth will mean that the jobs lost since mid-2001 will be gradually recouped, but this process will not be completed before the second half of 2002. Payroll employment, as a result, is forecast to be flat in 2002 overall, but rising 0.9% in 2003 and 1.1% in 2004.

Growth in service sector employment is forecast to be positive each year throughout the 2001-2004 period. The continuing strength of health care services is an important contributor to this

growth, and educational and social services also are expected to show a slightly positive trend. Services related to information technologies (IT), which have grown rapidly during the past decade, have slowed but will be important to the recovery. IT services include data processing, advertizing and marketing services, media productions, and technical assistance with computers and other equipment, among other services.

Hit hard by the drops in employment, the fall in stock prices and the slow economy, personal incomes will rise a modest 3.2% in 2002, before returning to a solid 5.8% growth in 2003. The slowest increase in personal income in ten years is estimated for the second half of 2001, but for the year as a whole personal income will still be up by 5.1%.

Near-term, both federal funds and long-term interest rates are near a bottom, from which they won't rise until spring, according to DRI-WEFA. By 2003, the federal funds target will inch up to 5.0%, and the ten-year Treasury note yield will be
slightly less than 6%. The modest increases expected are due to the fact that there is no economic boom on the horizon, just a gradual recovery with exceptionally low rates of inflation.

Some instability in stock markets can be expected until corporate profitability is back on sound footing. Nonetheless, the overall trend will be upward over the next few quarters.

The growth of productivity in this recovery is forecast to be less than the rate seen in the mid-90s, given the slower economic pace and the importance that increased security spending will have in the economy. Increased security does not of itself increase output per worker, and in fact usually has the opposite effect since it slows down the transportation of both persons and products, and so the conduct of business.

Table 2. **U.S. ECONOMIC FORECAST 2001-2003**

	2001	**2002**	**2003**
Gross Domestic Product (Percent Change)	3.2	3.0	6.6
Real Gross Domestic Product (Percent Change)	1.0	1.3	4.3
Price Level (Percent Change)	2.2	1.7	2.3
Real Gross Priv Domestic Investment (Percent Change)	-7.6	-1.8	8.2
Total Establishment Employment (Percent Change)	0.5	0.1	0.9
Manufacturing	-4.0	-5.6	0.8
Services	1.6	2.2	2.5
Construction	2.0	-2.0	-0.5
Trade	0.8	0.7	-0.1
Finance, Insurance, Real Estate	0.9	0.8	0.2
Transportation, Communication, Utilities	0.9	-1.7	-0.1
Government	1.0	1.5	0.2
Unemployment Rate	4.7	5.9	5.4
Personal Income (Percent Change)	5.1	3.2	5.8
Consumer Price Level (Percent Change)	3.1	2.0	2.4
Prime Rate	7.0	6.0	7.6

SOURCE: WEFA Group, November 1, 2001.

Table 3. **ALTERNATIVE SCENARIOS AND PROBABILITIES IN NATIONAL ECONOMIC FORECAST**

	Rate of Growth of Real GDP			Probability
	2001	2002	2003	
Baseline[1]	1.0	1.3	4.3	50%
Lower Growth/Pessimistic	0.8	1.0	4.5	35%
Higher Growth	1.3	2.7	3.6	15%

[1]Includes two consecutive quarters of negative growth in 2001.

SOURCE: WEFA Group, November 1, 2001.

Alternative Forecast Scenarios

The baseline DRI-WEFA forecast for the national economy presented above may prove to be either too high or too low. The establishment of a stable coalition government in Afghanistan and positive international developments in the war against terrorism would provide a positive boost to the economy, while any further terrorist incidents would have the opposite effect. Table 3 presents two alternative forecasts, as well as the baseline prediction. Under the baseline scenario, GDP growth for 2002 as a whole is 1.3%, and by 2003, the growth rate is above 4.0%. The average growth rate over the 2002-2006 period is predicted to be 3.4%, in line with the long-term potential of the economy.

There is the possibility that good news on several fronts could push up the pace of recovery. With a probability of 15%, the growth rate in Q1 could approach 2%, leading to an overall rate in 2002 of 2.7%. This higher growth alternative could materialize if both consumer and business confidence prove to be buoyant, with expansionary fiscal and monetary policies effective in mobilizing market demand. A stock market rebound would be part of this scenario, pushing up consumer confidence and speeding up the recovery process. Higher-than-expected growth abroad could also have a positive impact. Business investment would then pick up in mid-year, and quickly make up for lost time, taking advantage of the lower interest rates while they last.

The lower growth alternative, assigned a 35% probability by DRI-WEFA, could result from setbacks in the U.S. counterattack on terrorism; for example, due to an adverse change in regime in one or more Islamic countries. (An increase in anti-U.S. sentiment and a turn toward Islamic fundamentalism, particularly in the Middle East, is seen by analysts as the ultimate goal of Osama bin Laden.) Such adverse developments abroad or other terrorist events here would mean a decline in investor and consumer confidence that would translate into lower sales of vehicles, housing and durables. Any increases in energy prices resulting from turmoil in the Middle East could also slow recovery, as could further downturns in the stock market, or an undue reluctance to invest in new high-tech products on the part of business. Further layoffs or added restrictions on lending by banks would also have negative effects.

Written by Marianne Hill, with input from members of the Center of Policy Research and Planning.

Note

[1]Most of the unemployed currently do not qualify for benefits, however–they may have worked part-time or may have not held their jobs long enough. The bill will not address this issue. Some discussion of this, as well as information on unemployment benefits by state, can be found at www.epinet.org.

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MISSISSIPPI ECONOMIC OUTLOOK

*** Payroll employment in the state is now 1.2% lower than last year, and the number of persons employed has been gradually declining since last October. At the same time, the unemployment rate is lower than last year, but only because fewer persons without jobs are looking for work. Positive employment growth is expected to resume in the spring, as the U.S. economic recovery begins to take hold.**

***Over 30,000 fewer persons are employed in manufacturing now than in June of 1999. Almost 6,000 of the jobs lost were in apparel, and another 6,000 were in transportation equipment (largely marine transport). Many, but not all, of the jobs lost will be restored with the end to the world recession in industrial production.**

*** The new Nissan auto plant could add 4,000 manufacturing jobs by 2003, and feeder industries will add even more. This will contribute to the strength of the recovery here.**

***Consumer and business confidence in the state both dropped in Q3 after the terrorist attacks. The index of leading indicators predicts near-zero growth rates for Q4.**

***FY2002 revenue collections for the state's General Fund have been essentially unchanged from the levels of last year, based on data through October. This has meant a shortfall in funding for the state budget, and it is possible that further cuts, in addition to those already being implemented, will be needed to bring expenditures in line with revenues.**

***The 2002-2006 outlook is for moderate growth of output and employment. Inflation will remain under control, with little increase in producer prices expected and only a modest rise in consumer prices. Productivity growth will be somewhat reduced in the short-term both locally and nationally because of the increased security precautions.**

Mississippi was not at the epicenter of the shocks experienced by the country in September, yet the impact here, as elsewhere in the nation, has been tremendous. There have been changes in security precautions at airports, harbors, mailrooms and public facilities, changes in our public health procedures, and other changes in the way we work and do business.

In terms of both the national and state economies, the industry hit hardest in the short-run by the terrorist attacks has been air travel. But there was a general faltering of consumer and business confidence as well, which not only slowed tourism and airline travel, but also broader consumption and investment spending .

Trends in state economic indicators show that a recession was already underway in Mississippi before September. (The numbers from D.C. that will officially confirm a recession here will not be available for a year.) Consider the numbers on employment. The critical manufacturing sector had lost 16,600 jobs during the twelve months before September, and 30,000 jobs since June of 1999. Since May, two other major sectors, retail trade and services, had also been steadily cutting back on employment. Even more significantly, employment levels each month from January through August were below those of the corresponding months of 2000. Retail sales have been flat.

Following September events, the negatives holding back the economy overwhelmed the few positives pulling forward. The shortfall in Tax Commission collections for the General Fund in October is indicative of the impact of the September downturn. While revenue collections from July through September were 0.6% above those of the same period in the previous fiscal year, October's collections came in 2.8% below those of October 2000. The shortfall in funding for the state budget may mean further cuts, in addition to those already being implemented. Both consumers and businesses surveyed after September 11 expressed a decline in confidence as a result of increased uncertainty.

On the brighter side, the state has been somewhat sheltered from fallout related to the drop in air travel. Mississippi doesn't have a large airline-based industry, as do some states, and most of the tourist traffic to the state's casinos arrive by car. There was a noticeable loss of state jobs in the amusements industry in September and October, representing a 5% drop, but this was in line with other fluctuations experienced by the industry over the past four years. The number of passengers emplaning at Jackson International Airport was down by about 30% in October in comparison with the first half of the year, but this drop is in line with national trends, and the numbers nationally have been improving.

All things considered, the continuing problems of the manufacturing sector remain the foremost obstacle to economic recovery here. A nationwide upswing will bring resumption of an upward trend in industrial production and is the most likely source of state recovery. The article on the national economic outlook (above) details the forces that are expected to bring about a solid upturn in the U.S. economy by spring of 2002.

Economic Indicators

The **coincident indicator index** for the state has shown a gradual decline in economic activity over the course of the year. This index, which tracks employment and retail sales as a proxy for overall levels of economic activity, stood at 106.2 in March, but dropped slowly over the course of the year to 105.0 in September. The **index of leading economic indicators**, which combines data on employment, unemployment claims, building permits and the length of the workweek, also fell over this period, from 98.3 to 96.4. This index is designed to reveal future trends, and the drops seen since the summer suggest further declines in economic activity.

Consumer confidence and business confidence, which have been shaky throughout the year, both fell in the third quarter, reflecting the national mood. The quarterly **consumer confidence index,** which stood at 87 as the year began--its lowest level in seven years--rose in the April and July surveys, but fell dramatically in October, to 53. **Business confidence**, as well, fell in October, but the drop was mild by comparison. Beginning at 43 in January, the index rose modestly for two quarters, only to drop back to 41 in October. Any number below 50 indicates that a contraction in the economy is anticipated, and, going by this index, business has been bearish throughout the year and remains so.

Many of the indicators tracking the economy monthly are shown graphically in Figure 1. The graphs show that in most cases the numbers for the twelve months from October 2000 to September 2001 are almost identical with those of the same month in the previous year. This indicates a flat economy, that is, a zero rate of growth. The most notable exceptions are the two graphs showing employment. Figure 1d shows that manufacturing employment has been significantly lower during the past year (2000-2001) than a year earlier (1999-2000). The trend has also been downward. Total nonagricultural employment, Figure 1h, has also been significantly below the levels of a year ago. Although retail sales and personal income tax revenues have managed to maintain last year's levels,

(Figures 1a and 1c), the decline in employment has undoubtedly affected sales, tax revenues, and plans to build.

One number showing improvement in 2001 has been the **unemployment rate**, which year-to-date through September stood at 5.1%, compared to the average 5.6% rate prevailing in 2000. However, this improvement was due solely to the fact that the drop in the size of the labor force exceeded the drop in employment. Presumably, the fall in the labor force is due to an increase in the number of workers who have become discouraged about their job prospects and so have stopped searching for work. These discouraged workers are not counted as unemployed.

Perhaps the most positive report on the state economy relates to Mississippi's **exports**. Mississippi led the nation in export growth in 2000, with an increase of 22.1% compared to 1999, and exports continued to do well in the first half of 2001. A double-digit increase in exports between Q2 of 2001 and Q2 of 2000 was reported by the U.S. Census Bureau (MISER series). Figures for the third quarter were not available for this report. Mississippi's top manufacturing exports in 2000, accounting for over 40% of the total, were transportation equipment, chemicals and allied products, and paper and allied products. See Table 1.

Employment Trends

Overall, **residence-based employment** was down 0.7% in the first three quarters of 2001 compared to the same period in 2000, and **payroll employment** was down 1.2%. These numbers, approximately, are expected to hold for the year as a whole. By contrast, more wage and salary workers were employed in the U.S. in 2001 than in 2000 on average, despite the downward trend over the course of the year. The forecast for the state is for an essentially unchanged level of employment in 2002, as decreases in the first part of the year are offset by later increases.

Looking at the year as a whole, an estimated 10,000 fewer persons were employed in Mississippi in 2001 than in the previous year, and the trend in employment has been downwards. Table 1 provides some details. Job loss in the first three quarters was concentrated in the goods-producing industries, while service-producing industries employment was flat. Several service-producing industries in fact, saw job growth for the year as a whole, although employment levels have declined since June. Manufacturing employment suffered a sharp drop this year, however, as national and international demand weakened. Construction activity also slowed.

Goods-Producing Industries

The **construction** boom that began in 1993 came to a close in 1999, and construction employment fell 0.2% in 2000. The growth rate year-to-date continues to be negative, although employment levels in the third quarter rose slightly. The fact that the value of building permits issued is down, as Figure 1e shows, portends little or no growth in 2002.

High energy prices in 2000 and the first part of 2001 contributed to a double-digit increase in employment in **oil and gas extraction** in the state in 2001. A drop in employment in this industry is expected in 2002, however, in line with the decline in energy prices.

Durable goods manufacturing has seen employment plunge in 2001, with a drop of 8.6% registered in the first three quarters. Furniture and fixtures, electronic equipment and wood and lumber each lost over 2,000 workers during the course of this period.

Employment in **nondurables** dropped 3.4% over the same period, with most of this decline due to the loss of 2,100 jobs in the apparel industry. Food and kindred products employment grew a modest 1.0%, and paper and allied products grew 1.2%. Printing and publishing enjoyed the most rapid growth rate, at 5.1%.

Table 1. **TOP STATE MERCHANDISE EXPORTS TO THE WORLD, 1999-2000, BY PRODUCT SECTOR** (Thousands of Dollars)

Product Description	1999	2000	% Change 1999-2000
TOTAL	1,454,289	1,775,739	22.1
MANUFACTURERS	1,344,073	1,640,601	22.1
Processed Foods	52,521	51,878	-1.2
Fabric Mill Products	60,493	83,118	37.4
Apparel Manufacturers	103,702	149,292	44.0
Paper Products	88,241	88,554	.4
Chemical Manufacturers	117,907	274,752	133.0
Plastic & Rubber Products	65,711	75,132	14.3
Fabricated Metal Products	50,012	60,937	21.8
Machinery Manufacturers	184,017	195,965	6.5
Computers & Electrical Prod.	135,003	236,733	75.4
Elec. Eq., Appliances & Parts	110,294	113,447	2.9
Transportation Equipment	159,221	88,976	-44.1
Furniture & Related Products	66,575	64,368	-3.3
AGRICULTURAL & LIVESTOCK PRODUCTS	87,309	110,163	26.2
Crop Production	85,547	109,990	28.6

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, Dept. of Commerce.
SOURCE: Exporter Location Series, Census Bureau.

Nationally, manufacturing employ- ment is not expected to resume positive growth until the second half of 2002; and this will likely be the case in Mississippi as well. However, among the earlier industries to recover will be **food and kindred products, electronic equipment**, and **rubber & plastics**, which together account for almost one-third of the state's manu- facturing employment. For the U.S. as a whole, the share of these industries is 24%. The composition of the state's manufac- turing sector, then, may contribute to a somewhat earlier upswing for the sector here, as it did following the 1990-91 recession.

Services-Producing Industries

Employment in **retail trade** was up 1.0% year-to-date through September, but the trend since the summer has been down. Although the zero-interest loan packages available in the auto industry have boosted fourth quarter retail sales, non-auto sales have not fared as well, and virtually no growth in employment in this sector is expected until mid-2002.

Government employment grew 1.7% as shown in Table 1, led by growth in state education of 12%. A growing state budget deficit, however, threatens any expansion of state employment in 2002.

Table 2. **MISSISSIPPI EMPLOYMENT BY SECTOR**

	Jan. - Sept. 2001	Jan. - Sept. 2000	Percent Change
ESTABLISHMENT-BASED EMPLOYMENT	1142.6	1156.6	-1.2
Goods Producing Industries	278.3	295.6	-5.9
Mining	5.0	4.4	13.6
Construction	53.5	55.7	-4.0
Total Manufacturing	219.8	235.5	-6.7
Durable Goods Mfg.	135.2	147.9	-8.6
Lumber & Wood	22.2	24.6	-9.8
Furniture & Fixtures	28.1	30.9	-9.1
Stone, Clay & Glass	6.3	6.3	0.0
Metal Products	16.7	17.8	-6.2
Industrial Machinery	17.5	19.3	-9.3
Electronic Equipment	19.3	22.0	-12.3
Transportation Equipment	20.3	21.9	-7.3
Instruments & Related	1.5	1.5	0.0
Nondurable Goods Mfg.	84.6	87.6	-3.4
Food & Kindred Products	30.0	29.7	1.0
Textile Mill Products	4.3	4.3	0.0
Apparel	13.1	15.2	-13.8
Paper & Allied	8.3	8.2	1.2
Printing & Publishing	8.3	7.9	5.1
Chemical & Allied	7.2	7.6	-5.3
Petroleum & Coal	2.0	2.4	-16.7
Rubber & Plastics	11.4	12.1	-5.8
Service Producing Industries	864.3	861.0	0.4
Transportation & Utilities	56.3	56.8	-0.9
Transportation	33.3	34.2	-2.6
Communications	12.7	12.4	2.4
Wholesale Trade	45.4	47.1	-3.6
Retail Trade	210.9	208.9	1.0
Finance, Ins., Real Est.	42.2	42.8	-1.4
Banks & Credit Institutions	22.8	21.8	4.6
Insurance	10.6	12.2	-13.1
Services	272.4	272.2	0.1
Hotels & Lodging	36.3	36.2	0.3
Amusement, incl. Movie	24.4	23.8	2.5
Health Services	77.6	76.1	2.0
Total Government	237.1	233.2	1.7
Federal Government	25.9	27.5	-5.8
State Government	65.7	62.3	5.5
State Education	26.4	23.5	12.3
Local Government	83.7	82.0	2.1

SOURCE: Mississippi Employment Security Commission, October 2001. Preliminary figures.

[1]Residence employment estimates are based on household surveys, whereas establishment data are based on jobs reported at places of work. A person with two jobs will generally be counted twice by establishment data, but not by the household data.

[2]These employment figures differ significantly from the wage and salary employment figures of the U.S. Bureau of Economic Analysis (BEA), which are reported in Appendix B in this Review and upon which the Center's economic forecast is based. The differences are largely due to the fact that the state Employment Security Commission does not include military employment, and that it does not utilize information available to the BEA on employees not covered by the state's unemployment insurance program. Workers with the railroads, the Coast Guard, some student workers, workers for religious membership organizations, farm workers and private household workers, for example, may be wage and salary workers not captured by the MESC data.

Health services employment has been gradually trending upward in 2001, with an overall increase of 2.0%, and the possibility of a similar rate of growth in 2002 and 2003 is good. Behind the steady increase in employment is the aging of the population, and in particular of the baby-boomers, many of whom are now in their fifties.

In 2000, **hotels and lodging** employment increased 5.5%, while employment in the amusements industry (notably **gaming**) dropped slightly. In 2001, figures through September showed a modest increase of 2.5% in amusements employment, but this gain will likely be eroded by fourth quarter figures, which will incorporate the impact of the recent slowdown in tourism. The customer base of Mississippi's gaming industry, however, does not rely heavily on air transportation, and this has shielded the industry here from the dramatic drops suffered by casinos in other states. September figures showed a moderate 3.2% drop in amusements employment, and October, a 2.1% fall. Hotels and lodging employment was flat from February through August, and dropped only a modest 1.1 % in both September and October.

Transportation industries are closely tied to developments in manufacturing, trade, and tourism. Accordingly it is not surprising that transportation employment is down this year, and will remain so for much of 2002. However, **communications and utilities** are another matter. Besides posting respectable growth rates of 2.4% and 2.0% respectively this year, similar increases are likely in 2002. New communication technologies and a growing power industry in the state are behind this projection.

The picture in **finance**, **insurance and real estate** is complicated by several factors: the instability of financial markets, the burden on the insurance companies which covered the World Trade Center, low mortgage rates, and increased demand for insurance protection combined with increased risk for insurers. Nationally, employment among security brokers is down due to recent stock market trends, but among mortgage bankers it is up. The state has continued to lose jobs in the insurance industry in recent years as a result of consolidations, but the real estate industry has grown in sync with construction activity.

Overall, the picture for this sector continues to be one of only a slow rate of growth, with a shrinking share in total employment. The short-term forecast is for a fairly stable level of employment over the coming months, with some pickup once the housing market revives.

Agriculture

"In Mississippi, as in the nation as a whole, producers of most major crops continue to endure a period of low prices", noted Professor John Anderson of Mississippi State University at the annual state economic outlook conference sponsored by the Center for Policy Research and Planning. The low prices are due to a combination of oversupply and sluggish world demand. "The environment of economic uncertainty occasioned by the terrorist attacks has also affected markets for some of the state's major commodities," he adds. Beef markets were down sharply after September 11, and the demand for forest products has been hurt by the drop in new housing starts.

The fundamentals are in place for an improvement in the cattle and hog markets, however, once

the economy perks up. Cotton continues to suffer from low demand, which is closing mills both in this country and abroad. Domestic catfish production has been hurt by competition from imports, which are taking an increasing share of the market. The 1996 farm bill will expire in the new year, but Congress has put off any substantive action until its 2002 session.

Table 3. **ECONOMIC FORECAST FOR 2001-2004**

	2001	2002	2003	2004
Mississippi				
Gross State Product (Percentage Change)	2.0	3.3	5.0	5.5
Real Gross State Product (Percentage Change)	-0.1	1.3	2.6	3.0
Price Level (Percentage Change)	2.2	1.9	2.4	2.4
Establishment Employment (Percentage Change)	-0.9	0.0	1.3	1.6
Unemployment Rate	5.4	5.9	5.7	5.5
Personal Income (Percentage Change)	3.4	3.9	5.3	5.1
Consumer Price Level (Percent Change)	2.8	2.3	2.4	2.6
United States				
Gross Domestic Product (Percentage Change)	3.3	3.7	6.4	5.1
Real Gross Domestic (Percentage Change)	1.1	1.6	4.0	2.8
Price Level (Percentage Change)	2.2	2.1	2.3	2.2
Establishment Employment (Percentage Change)	0.5	0.1	1.5	1.6
Unemployment Rate	4.8	5.9	5.5	5.3
Personal Income (Percentage Change)	5.1	3.4	5.9	5.1
Consumer Price Level (Percentage Change)	3.1	2.3	2.4	2.5

SOURCE: Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, November, 2001. DRI-WEFA, Mid-October, 2001. See Table 2 of national economic outlook article for more recent U.S. forecast.

Behind the Forecast

The assumptions behind the state forecast have been discussed above and in the article on the national economic outlook. In brief, over-investment, falling profits, a crumbling of stock market prices, and high energy costs led to a weakness in the nation's economy which resulted in a drop in national production and full-fledged recession after September 11. The turnaround in demand needed to end the recession will likely materialize by mid-2002, fueled by expansionary monetary and fiscal policies, including tax breaks, low interest rates and generous government spending for security and for emergency economic recovery measures. Although a rise in output and employment in services will precede the upswing in manufacturing, the recovery will not be solid until industrial production picks up. Market activity will begin to increase by Q1, but a rise in profits will be needed to bring business on board and cement the recovery.

The DRI-WEFA forecast from mid-October 2001 was used in estimating the state econometric forecast, which is summarized in Table 3. More detailed forecast and historical tables are available

in the Appendix.

Short-Term Outlook

Mississippi has experienced a slower growth of output and employment in 2001 than has the nation as a whole, but the state should see a solid upswing once the recovery in the manufacturing sector begins in mid-2002. Gross state product (GSP) is forecast to rise 1.3% in 2002, following a drop of 0.1% in 2001. By 2003, the growth rate is expected to be 2.6% and rising. Wage and salary employment will dip by about 0.9% in 2001, and remain stable in 2002 before returning to a positive growth rate of about 1.3% in 2003.

Nationally, the gross domestic product (GDP) will rise only about 1.6% in 2002, and wage and salary employment will remain flat. The outlook for 2003 is considerably brighter, as the economic recovery will be well underway by then. In fact, a growth rate of 4.0% is forecast for 2003.

Personal income in Mississippi grew 4.3% in 2000, and in 2001 appears to be increasing at about a 3.4% rate. The growth of personal income is likely to be just below 4% in 2002, before resuming a growth rate exceeding 5% in 2003 and 2004. Between 1994 and 1999, personal income rose an average 5.9% annually, or 3.1% in real terms. Nationally, the growth of personal income in 2001 is estimated at 5.1%, with the growth rate forecast to drop to 3.2% in 2002, before rising to 5.8% in 2003.

Trends in personal income reflect not only in employment and earnings trends, but also trends in business profitability and transfer payments. Income of nonfarm proprietors and income from interest, rent and profits will be lower in 2001 than in 2000, but that of farm proprietors should improve somewhat and transfer payments will rise. Business-related incomes will gradually improve as the nation's economy improves.

With labor markets soft, interest rates low and energy prices down, we will see a drop in inflation from the 2.8% increase in consumer prices this year to a more moderate 2.3% in 2002 and 2.4% in 2003.

Regional Trends

For the southeastern region as a whole as elsewhere, the outlook is for recession-- a decline in output and employment--in the last quarter of 2001 and the first quarter of 2002, according to the Economic Forecasting Center of Georgia State University. Gross regional product (GRP) is expected to increase only about 1.0% in 2001 and 1.5% in 2002, mirroring trends in the rest of the country. Though the risk of future terrorist incidents increases the uncertainties associated with any forecast, the probability is high that both the region and the nation will again be enjoying real growth rates approaching 3% or more by 2003, in the assessment of the Center.

Forecast for 2001-2006

Although a considerable drop in the growth rate of the U.S. economy is expected during the next five years, the same is not true for Mississippi. As Figure 2 shows, the average annual **growth rate of GSP** for the state was 2.4% over the 1995-2000 period, as the state dropped from its mid-90s high into the start of recession. The national slowdown was not as pronounced; the overall growth rate in GDP for the period was 4.5%. Conversely, Mississippi begins the 2001-2006 period in recession, but from 2004 to 2006 should be experiencing growth rates of about 3.0%, for an average growth rate of 2.7% for the period as a whole. The U.S. average growth rate will be higher, 3.1%, but still will be below that of the previous five years.

Figure 3 shows that, over the 2001-2006 period, the **growth rate of employ- ment** in the state will be just below that of the U.S. The long-run rate of employment growth in the U.S. is limited

by the growth of its labor force, which has been about 1.2%. The 1.3% increase in employment then reflects a return to basic long-run trends and a more moderate pace of growth than in the late 1990s. The 1.1% increase in Mississippi's employment, similarly, is closer to its long-run potential. The average annual growth of the state's labor force over the 1990s was 1.2%, with much of this growth made possible by a rise in migration to the state–a trend that is not expected to be repeated over the next few years.

In 1991 and 1992, the last recovery period after a recession, Mississippi's growth rate exceeded that of the U.S. This was because the products and services the state produces tend to be more basic, mainstream items, as opposed to cutting-edge products. While newer products ride high on an upswing, they may not do as well as the basics during a downturn or the early recovery. This may again be the case, but over a five-year period, the impact of any difference in timing between the state and the nation will be slight.

Productivity growth for the U.S., as measured by output per worker, is now forecast to be somewhat below our June estimate, at just under 2.0% annually. The increase in security precautions contributes to this, as well as some revisions to earlier numbers made by the U.S. Department of Commerce. Mississippi's growth rate of productivity is again expected to be below that of the country as a whole, although the gap this time is estimated to be less (by 0.1%). The smaller proportion of high-wage, high-productivity jobs in the state's service sector is part of the explanation for the slower growth of productivity here.

The Mississippi sectors expected to have the highest growth rate of employment over the 2001-2006 period are services and transportation/ communications/ utilities (TCU). Health services, computer- and information-related services, and new communications technologies will contribute to growth rates averaging 2.1% for services and 1.4% for TCU. Construction employment will return to earlier levels over the period, but will not go much beyond the numbers achieved in 2000, although a stronger recovery than predicted in this forecast could easily boost the average growth rate of this sector over 1%. Wholesale/ retail trade will benefit from the cyclical upswing in consumer and business demand that will arrive by mid-2002, and will grow at about 1.0% annually. Manufacturing will continue to reduce its share in total employment, although it will have a positive growth of employment. Mining will be hurt by the fall in energy prices, and jobs will be lost in that industry. Farming employment will remain fairly flat over the period, but increases in agricultural services will push the growth rate for agriculture up to about 1.3%. In general, industries here will grow more slowly than during the 1993-2000 period.

Written by Marianne Hill, with input from members of the Center for Policy Research and Planning.

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HIGHLIGHTS FROM RECENT NEWS ABOUT MISSISSIPPI'S ECONOMY

See the website of the Mississippi Development Authority, www.mississippi.org, for more information about recent economic developments in the state, or contact Sherry Vance, Director of Public Information, at 359-3041.

New Businesses and Expanded Facilities

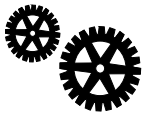
With investments of over $3.9 billion announced during the first nine months of 2001, the Mississippi Development Authority notes that new investments proposed so far this year have more than doubled the $1.6 billion announced during the same period last year. Of this total, $338 million was in manufacturing facilities, a smaller amount than during the comparable period last year. However, the $3.6 billion in investments planned in nonmanufacturing facilities represents a tripling over the previous year.

The bulk of **non-manufacturing investments** were in power facilities. New plants for electric power generation, transmission or distribution are planned in Lowndes County ($300 million), in Clarke County ($230 million), in Pike County ($600 million), Benton County($250 million), in Smith County ($120 million) and in Kemper County ($180 million). An accompanying article examines why there is so much interest in building such facilities in the state, and whether all of these planned facilities will actually be completed.

About 700 jobs will be created when Cingular Wireless opens its Customer Service Center in Ocean Springs. The state faced stiff competition in attracting this center, which was ranked as one of the ten largest project announcements in the South during the second quarter of 2001 by *Southern Business & Development* magazine.

More service sector jobs will materialize when Service Zone, Inc. locates a telemarketing service (inbound) in Starkville, operating on a contract or fee basis. With no capital investment, the firm expects to provide employment to 475 persons.

Hattiesburg will gain another shopping mall in the near future. Chauvet Square, a $60 million shopping center, is on the drawing boards, and is expected to provide 300 jobs. Flowood will also gain another shopping center, the $58 million Dogwood Festival Market, which will employ up to 900 persons.



W.W. Grainger, Inc. will employ 135 persons at a new $20 million wholesale store in Southaven for industrial machinery, equipment and parts.

Among the largest **manufacturing investments** announced since May is a $82 million plant to produce upholstered wood household furniture. Corinthian, Inc. expects to employ about 200 workers at its new plant in Booneville.

NISSAN-Related News

Eight new plants will be built to supply **automotive parts** to the vehicle assembly plant being constructed in Madison County. Three will be adjacent to the Nissan plant, four will be within two miles and one will be in Vicksburg. Several companies have also received contracts to do work for the new $930 million Nissan auto plant which is expected to begin production in 2003.

Among the new plants, the largest will be the 160,000 square foot Tower Automotive plant, which will supply vehicle frames. Calsonic Kansei will build two plants to produce front-end modules, exhaust systems, catalytic converters and A/C plumbing. Systems Electro-Coating LLC, a joint venture between PPG Industries and Jackson-based Systems Consultants Associates will apply an anti-corrosion primer to components and parts. Lextron/Visteon Automotive will supply front-end

modules and cockpit modules. Lextron Corporation is a Jackson-based firm. Other automotive suppliers building here include Johnson Controls, Mi-Tech Steel, and T&WA.

Other announcements: Encompass Services Corporation received a $30 million-plus contract to design and install heating, ventilation, air conditioning and plumbing equipment for the new Nissan plant. Nelson Plumbing, founded in Nesbit, was awarded a $1.5 million contract to provide services. And Ershigs Inc. of Biloxi will produce custom fiberglass effluent pipe for the Nissan plant.

More information can be found at www.mississippiandnissan.com.

Research in Action

The University of Southern Mississippi now has a state-of-the-art, 500-megahertz **nuclear magnetic resonance spectrometer**, thanks to a $960,000 National Science Foundation grant. The spectrometer will be used to develop new drug delivery systems, a new bone cement for joint replacement surgery and a new bone scaffolding procedure for reconstructive surgery, among other projects. It will also be used to help solve manufacturing problems with materials and chemicals.

*The University of Mississippi's Center for Marine Resources and Environmental Technology has formed a research consortium with several government agencies, private companies and other colleges to build a **monitoring station** that will collect data from the sea floor to study blue ice, or gas hydrate. That ice can cause severe damage to pipelines and other equipment related to oil-drilling, but it also represents a vast, unused energy resource that could be tapped within two decades. "These hydrates could contain two to three times as much carbon as in all the crude oil, conventional natural gas and coal ever discovered," said Professor Rudy Rogers, a Mississippi State researcher involved with the project. A better understanding of how to protect oil and gas equipment is expected to be a first goal of the project.

*The Mississippi Enterprise for Technology at the Stennis Space Center has partnered with economic development authorities in Oxford and the University of Mississippi to establish another **regional technology incubator**. Plans are even- tually to extend this network across the state. The North Mississippi Enterprise Initiative (NMEI) consists of three incubator facilities, with the Oxford Enterprise Center serving as the network hub. There will be a focus upon commercialization of high-tech work by UM researchers. The NMEI joins the Golden Triangle Enterprise Center (GTEC), located in the Mississippi Research and Technology Park adjacent to Mississippi State University. The GTEC supports companies that benefit from MSU's Center for Remote Sensing Technologies.

Tourism

Thirty-four million people visited Mississippi in 2000, an increase of two million over 1999. The average length of stay also was longer at 3.7 days, up from 3.3 days in 1998. The Tourism Development Division estimates that the average annual household income of tourists jumped from $48,300 in 1998 to $58,350 in 2000. Tourism projects in the works include a film-location tour that will highlight the state's noted movie settings, and a golf trail that would include several of the state's premier courses.

*Mississippi now has a **cornfield maze**, Sunset Maze, in Sandersville. Mazes are popular throughout Europe and increasingly popular here. Sunset Maze is the only maze designed by master maze craftsman Adrian Fisher south of Kansas City. The theme for his mazes in 2001 was "The Wild West". The maze covers five acres and is considered a first class tourist destination (more information available at www.sunsetmaze.com).

Mississippi in the Nation

Mississippi ranked first among all states in the percentage growth of exports during the first half of the year compared to the same period in 2000. The 41% increase included a large increase in exports to Mexico, China and Norway.

*The U.S. Senate Appropriations Committee has approved $150 million in **military construction projects** in the state for the coming fiscal year. Of this total, $29 million is for the second phase of a technical training facility, $23 million for family housing, and $17 million for a maintenance hangar and squadron operations conversion.

***Natchez** was named the most livable small city in America this year by the U.S. Conference of Mayors, based on its LUMPS program. LUMPS (Large Unused Munici- pal Properties) is a program to refurbish and utilize an abundance of vacant public buildings.

***Oxford**, Mississippi was listed as one of the top six retirement cities in the United States by *Money* magazine this July.

Films

Big Bad Love, a film based on the collection of stories by Oxford author Larry Brown, was filmed in Holly Springs and Oxford in 2000. It screened during the prestigious Directors' Fortnight in Cannes and is currently on the festival circuit before opening in theaters next year. Eudora Welty's *The Ponder Heart*, which was filmed in Canton, Edwards, Raymond, and Whit- field in 2000, aired on PBS in October. A five-part PBS documentary series on the blues is being filmed this fall, featuring the rich blues heritage of the Mississippi Delta.

THE RAPID GROWTH OF MERCHANT POWER IN MISSISSIPPI

Robert Neal

The convergence of new technology and deregulation has produced rapid growth in the U.S. electrical power industry. Over the next two decades, most of the new power plants built in the U.S. will be owned by non-utilities. Due to some fairly complex changes in Federal Energy Regulatory Commission rules and increased competition, many public utilities have sold their generating plants to non-utilities or spun them off into non-utility sister companies. By the end of the decade, an estimated two-thirds of all electrical power generated in the U.S. will be generated by non-utilities.

What Are Non-Utility Power Plants?

Non-utilities are independent power producers, wholesale generators, and other companies in the power generation sector that are exempt from traditional utility regulations. Some non-utility power generators are built solely to satisfy peak demand, while others produce for sale to the highest bidder on the open market, whether large industrial users, consumer cooperatives or public utilities. Plants in this latter category are known as Merchant Power Plants.

Growth of Merchant Power Plants in Mississippi

Merchant power plants seem to be springing up all over the southeast. Ten plants are either on-line or planned in Alabama, 21 in Florida, 11 in Georgia, 12 in Louisiana, and 23 in Mississippi.

There are currently three merchant power plants generating electricity in Mississippi. An additional seven merchant power plants are under construction in the state. And 13 more merchant power plants are in the pre-certification or pre-construction phase of planning. The plants currently operating or under construction will produce an estimated 5,565 mega watts of electrical power. The total construction cost of these plants ($2.18 billion) represents approximately twice the capital investment of the Nissan auto assembly plant in Madison County, Mississippi.

Mississippi's share of national electricity demand has held steady at about one percent for many years. Even with rapid economic growth, Mississippi's future share of overall electricity demand will still be relatively small. As a result, the need for additional power

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Table 1. **MERCHANT POWER PLANTS CURRENTLY OPERATING IN MISSISSIPPI**

Company Name	Location	Plant Investment (millions)	MW Generated
Enron Power	New Albany	$105	390
Cinergy Corp.	Caledona	$135	475
LS Power	Batesville	$400	830
Total		**$640**	**1,695**

SOURCE: Public Services Staff, Mississippi Public Service Commission. See www.psc.state.ms.us.

Table 2. **MERCHANT POWER PLANTS UNDER CONSTRUCTION IN MISSISSIPPI**

Company Name	Location	Plant Investment (millions)	MW Generated
Tractebel Power (CGI)	Chester	$300	440
Duke-Hinds	Jackson	$160	510
Attala Generating Company, LLC	McAdams	$160	510
Southaven Power, LLC	Southaven	$400	830
Warren Power, LLC (Entergy)	Vicksburg	$140	300
Duke-Southaven	Southaven	$180	640
TECO McAdams	McAdams	$200	640
Total		**$1540**	**3,870**

SOURCE: As above.

plants to serve in-state demand is limited. However, Mississippi has access to a much larger, expanding electricity market in the multi-state region and beyond. Thus, new generating capacity is primarily for export.

Why Such Rapid Growth in Mississippi?

According to Dr. Chris Garbacz, Director of Economic and Planning, Mississippi Public Utilities Staff, many sites in the state have special economic advantages for producing electricity and exporting to regional or national markets. At least ten firms move natural gas through multiple competitive natural gas pipelines in the state. Entergy, TVA, Southern Company and other energy companies provide multiple high voltage transmission connections and easy access to regional and national markets. Mississippi has ample water supplies, necessary for power generation, efficient regulatory licensing, reasonable land and labor costs, and various government incentives.

Not all of the merchant power plants proposed in Mississippi will actually be built. Many energy firms, intending to build only one new plant, will obtain certification at a number of possible sites for strategic reasons. Therefore, many more sites will be announced than are actually built. Furthermore, market shifts or economic downturns could force energy firms to postpone or cancel some proposed plants.

Merchant Power's Impact on Mississippi

Although the merchant power industry has already committed approximately $2.18 billion to construct 10 power plants in Mississippi, these capital-intensive facilities are not expected to generate many jobs in Mississippi. A typical merchant power plant, generating 400 to 800 megawatts of power, will employ only 25 to 45 full-time workers. Although few in number, these are high-skill jobs, paying well above the state average wage. And, the communities where thee plants are located will realize a substantial increase in property tax revenue.

Table 3. **MERCHANT POWER PLANTS PLANNED FOR MISSISSIPPI***

Company Name	Location	Plant Investment (millions)	MW Generated
Clarksdale Public Utilities	Clarksdale	$115	320
Enron Power	Fulton	$55	260
LS Power	Holmesville	$600	1,100
Lee Power Partners, LLC	Saltillo	$350	750
Caledonia Generating, LLC	Lowndes	$525	820
Magnolia Energy, L.P.	Benton	$250	900
Reliant Energy Choctaw County, LLC	French Camp	$300	250
Lone Oak Energy Center, LLC	Lowndes	$450	805
Panda Black Prairie	Clay County	$400	1,300
Duke Energy Enterprise, LLC	Enterprise	$230	640
AES Pecan Grove, LLC	West Point	$200	500
Duke Energy Homochitto, LLC	Lucien	$250	620
NRG Batesville, LLC	Batesville	$200	300
Total		**$3,925**	**8,565**

*Some of these proposed plants have been certified but have not commenced construction, while some have yet to be certified.

SOURCE: As above.

Merchant power plants may also have an impact on the State's environment. For example: modern natural gas fired power plants are large users of water. On the other hand, new "cleaner" merchant power plants could enhance the State's air quality by replacing older, dirtier plants. Additionally, merchant power plants do not have the right of eminent domain. Therefore, these facilities will be forced to resolve siting concerns with the affected individuals and local governments in the same way any private sector business would.

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HAZARDOUS OCCUPATIONS: THE U.S. AND MISSISSIPPI

The annual U.S. Census of Fatal Occupational Injuries reported a total of 5,915 fatal work injuries nationally in 2000–a number that will approximately double in 2001 as a result of the terrorist attacks in New York and D.C. This Bureau of Labor Statistics (BLS) census includes any deaths that occur while the decedent is employed at the time of the event, engaged in a legal work activity, or present at the site of the incident as a requirement of his or her job.

Among occupations employing 45,000 or more persons, the Bureau of Labor Statistics identified the most dangerous occupation as timber cutters, with a fatality rate of 122 per 100,000 workers in 2000. Airplane pilots and navigators had the third most dangerous job, with a fatality rate of 101, which was exceeded by the 108 rate for fishers. The fatality rate for all occupations was 4.3. See Figure 1.

Other occupations with fatality rates significantly above the average included construction laborers, with a fatality rate of 28.3, truck drivers 27.6, and farm occupations 25.1. Police and detectives had safer jobs by comparison, with 12.1 fatalities per 100,000. Groundskeepers was another common occupation with a similar fatality rate, at 14.9.

Table 1. **FATAL OCCUPATIONAL INJURIES BY STATE AND EVENT OR EXPOSURE, RANKED BY FATALITY RATE, 2000**

	Total Fatalities[1]		Event or exposure[2] (percent of state total for 2000)					
State of Injury	Number	Estimated Fatality Rate[3]	Transportation incidents[4]	Assaults and violent acts[5]	Contact with objects and equipment	Falls	Exposure to harmful substances or environments	Fires and explosions
Alaska	53	17.6	74	-	15	-	-	-
Wyoming	36	14.2	47	-	19	-	-	-
North Dakota	34	10.3	26	-	35	15	-	-
Mississippi	125	10.0	50	14	19	4	9	-
Montana	42	9.2	52	14	24	-	-	-
South Dakota	35	8.9	54	-	17	-	-	-
Arkansas	106	8.8	53	14	20	8	-	-
Louisiana	143	7.4	48	8	17	12	11	4
U.S. Total[6]	5,915	4.3	43	16	17	12	8	3

[1]Includes other events and exposures such as bodily reaction, in addition to those shown separately.

[2]Based on the 1992 BLS Occupational Injury and Illness Classification Structures.

[3]Total number of fatalities divided by total employed times 100,000.

[4]Includes highway, nonhighway, air, water, and rail fatalities and fatalities to workers struck by vehicles.

[5]Includes homicides, self-inflicted injuries, and animal attacks.

[6]Includes 4 fatalities that occurred within the territorial boundaries of the United States, but a State of incident could not be determined.

NOTE: Percentages may not add to 100 because of rounding or because cause of death is not listed. Dashes indicate less than 0.5 percent or data that are not available or that do not meet publication criteria.

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor, in cooperation with state and federal agencies, Census of Fatal Occupational Injuries, 1999-2000.

Table 2. **FATAL OCCUPATIONAL INJURIES BY MAJOR INDUSTRY DIVISION, MISSISSIPPI AND U.S., 1995**

Industry	**Mississippi**	**U.S.**
Total Fatalities (number)	128	6,210
Distribution by Industry (percent)*		
Agriculture, forestry, and fishing	11%	12%
Mining	-	3%
Construction	13%	17%
Manufacturing	28%	11%
Transportation and public utilities	9%	14%
Wholesale trade	4%	4%
Retail trade	12%	11%
Finance, insurance and real estate	-	2%
Services	9%	12%
Government	10%	12%

*Note: Some fatalities could not be allocated to a particular industry and so are included only in the totals; the percentages then do not reach 100%.

SOURCE: Table B-3. Bureau of Labor Statistics, U.S. Department of Labor, in cooperation with state and federal agencies, Census of Occupational Injuries, 1995.

The most frequent event or exposure associated with fatalities for all occupations was traffic incidents (listed 23% of the time), followed by "fall to lower level" (11%) and homicide (also 11%). Among the occupations mentioned above, the most frequently cited cause of death was traffic incidents among truck drivers (70% of cases) and among police (38%). "Fall to lower level" was the cause of death listed most often for construction workers, while for farm occupations and groundskeepers, the most frequent cause of death was given as "struck by object".

Mississippi's Fatality Rates

Mississippi had the fourth highest fatality rate among the states, with 10.0 fatal injuries per 100,000 persons employed, based on rates calculated using the data on fatal occupational injuries by state in conjunction with employment data. See Table 1. Transportation incidents were the most common cause of death here, causing 50% of the 125 fatalities. Contact with objects and equipment accounted for another 19% of these deaths. The state with the highest fatality rate was Alaska, with 17.6 fatalities per 100,000 employed. Almost three-quarters of the 53 deaths there were transportation-related.

Detailed data on fatalities by occupation is not available for Mississippi, although in 1993 and 1995 the BLS did publish data on fatalities for broad occupational and industry groupings by state. These data show that in 1995, 33% of fatal injuries here occurred among operators/ fabricators /laborers (often in construction and manufacturing) and 20% in farming, forestry and fishing occupations. Nationally, the respective percentages were 33% and 14%. In 1993, the percentage of fatalities in the state in the operators category was somewhat higher and in the farming occupations category significantly lower, at 11%.

Table 3. **FATAL AND NONFATAL OCCUPATIONAL INJURIES BY INDUSTRY, U.S., 2000**

Industry[1]	Fatalities		
	Number[2]	Rate (per 100,000 Employed)[3]	Non-fatal Injuries Per 100 Fulltime Workers[3] (1999)
Total	5915	4.3	n.a.
Private industry	5344	4.6	5.9
Agriculture, forestry, and fishing	720	20.9	7.0
Agricultural production - crops	987	28.1	6.6
Mining	156	30.0	4.1
Construction	1154	12.9	8.4
Manufacturing	668	3.3	8.0
Lumber and wood products	186	23.8	12.5

Transportation and public utilities	957	11.8	7.0
Trucking and warehousing	566	20.7	8.6
Wholesale trade	230	4.3	6.1
Retail trade	594	2.7	6.0
Finance, insurance, and real estate	79	0.9	1.6
Services	768	2.0	4.6
Government[4]	571	2.8	n.a.

[1]Subindustries, such as agricultural production - crops, are shown when at least one percent of the U.S. workforce is employed in that subindustry and the fatality rate is over 20 per 100,000.

[2]The BLS news release issued August 17, 2000, reported a total of 6,023 fatal work injuries for calendar year 1999. Since then, an additional 31 job-related fatalities were identified, bringing the total job-related fatality count for 1999 to 6,054.

[3]Employment is an annual average of employed civilians 16 years of age and older from the Current Population Survey, 2000, adjusted to include data for resident armed forces from the Department of Defense. Data is based on residence.

[4]Includes fatalities to workers employed by government organizations regardless of industry.

NOTE: Totals for major categories may include subcategories not shown separately. There were 17 fatalities for which there was insufficient information to determine a specific industry classification, although a distinction between private sector and government was made for each.

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor, in cooperation with state and federal agencies, Census of Occupational Injuries, 1995-2000.

While these percentages are in line with national figures, the same is not true of the distribution of fatalities by industry. In both 1993 and 1995, the percentage of deaths occurring in the manufacturing sector (an average 25%) was almost twice the national average, which was 11% in 1995 and 12% in 1993. Table 2 presents the 1995 data.

Adjustments for the fact that the manufacturing sector here is greater than for the nation as a whole does not erase a significant difference. In fact, in 1995, Mississippi had the highest fatality rate in the nation in manufacturing, at an estimated 13.8 per 100,000.[1] (In 1993, the rate was lower, at 10.9.) These high rates are due at least in part to the fact that manufacturing here is disproportionately concentrated in industries with relatively high injury rates. For example, while the overall fatal injury rate in manufacturing was 3.5 in 1996 in the U.S., it was 25.6 in lumber and wood products.

Data on nonfatal injuries and illnesses also confirm that the state industry mix includes some higher risk industries. In 1993, shipbuilding, special products sawmills, poultry slaughtering processing, household appliances, mobile homes and fresh/frozen prepared fish were all among the 32 manufacturing industries with the highest rate of nonfatal injury or illness, according to BLS.[2] All had injury and illness rates above 19.0 per 100 fulltime workers, compared to an overall national rate of 8.5 .

Fatality Rates By Industry

Estimated fatality rates for all industries in the U.S. in 2000 are shown in Table 3. The three industries with the highest fatality rates nationally are mining, agriculture/ forestry/ fishing and construction–all with rates over 12 per 100,000. The Bureau of Labor Statistics has not

published these rates by industry for individual states since 1995, however.[3]

Data is available from 1995 and 1993 which shows that in both these years, Mississippi's estimated fatality rate was over twice the national rate in construction, manufacturing, wholesale trade and retail trade. It is likely that this remains true today for at least some of these industries, since the overall fatality rate of 10.0 per 100,000 is still over twice the U.S. rate of 4.3. The three industries with the highest fatality rates here, however, were agriculture/ forestry/ fishing, construction and transportation/ public utilities, in both 1993 and 1995. There were no fatalities in mining or finance either year.

At the state level, the rate by industry varies greatly from year to year, since the total number of deaths is not large: there were a total of 121 occupational fatalities here in 1993, 128 in 1995 and 125 in 2000. However, the numbers do clearly indicate that fatality rates are consistently higher in Mississippi than in other states. There is reason to look closely at the causes of an overall fatality rate so much higher than the national average, and to take appropriate steps to reduce it.

OSHA Programs

One tool that has proved effective in reducing fatalities and injuries at the workplace is the enactment and enforcement of workplace safety legislation. In addition to the national Occupational Health and Safety Administration, 26 states run their own OSHA programs. Workplace fatalities have been cut in half since 1971, when OSHA was created, while during the same time the number of workers has nearly doubled.

There are 1,170 federal health and safety inspectors with oversight respon- sibility for 6.9 million work sites, and the 26 states have an additional 1,275 inspectors. About 26% of the 36,350 federal inspections in FY2000 were triggered by complaints or accidents, and 51% were high hazard targeted inspections. The average fine on federal violations, whatever the reason for inspection, was $1075. More total violations were reported by state-level OSHA inspectors, but the average fine was a lower $485. In addition to its inspection work, OSHA coordinates several informational and training programs for industry, and also runs two voluntary partnerships programs, with over 735 sites participating. Free workplace consultations are also available to small businesses that want onsite help in establishing safety
and health programs, and in identifying and correcting workplace hazards.

Written by Marianne Hill.

Notes

[1]In this case, it was necessary to use establishment employment data. The Bureau uses full-time equivalent employment in calculating its fatality rates.

[2]These industries were listed at the disaggregated four-digit level of the SIC code.

[3]In most states, this information is available from state offices of the Occupational Health and Safety Administration. Mississippi is one of a small minority of states that has opted not to provide the matching funds required to track this information.

References

U.S. Bureau of Labor Statistics, *News Release*, August 14, 2001. See http://stats.bls.gov/oshhome.htm and other data available at the BLS website.

U.S. Department of Labor, *OSHA Fact Sheet* and data available at www.osha.gov.

LOOKING FOR ANSWERS TO YOUR RESEARCH QUESTIONS? TRY THESE WEBSITES.

Beginning with this issue of the *Review,* we will feature a few websites in this column that are especially useful to individuals seeking information and data on Mississippi and on policy questions of interest to Mississippians. Please send in suggestions for this page to Marianne Hill at mhill@ihl.state.ms.us. Websites apart from those of federal agencies are preferred.

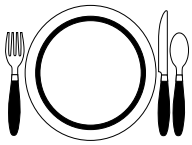
www.fedstats.gov This website is your gateway to data and information from all federal agencies, including regional offices. Most federal statistical offices do provide state-level data. The home or first page of this website will connect you to MapStats, which gives statistical profiles of states, counties, congressional districts and federal judicial districts. The homepage can also connect you to any federal agency; all are listed in alphabetical order and by subject area. It can connect you to the day's press releases, to kids' pages and to statistics by geography, as well as to federal documents of all sorts.

If you're looking for the latest releases of economic data, go to www.doc.gov, the home page of the U.S. Department of Commerce and click on key economic indicators, at the lower right. Also see www.census.gov, which links to its latest economic indicators at the right. For the consumer price index, go to the Bureau of Labor Statistics, at www.bls.gov.

msuinfo.ur.msstate.edu/links (Note: do not put www in front of this address.) This website provides links to over 1,500 organizations and agencies in the state. Whether you need to reach the Mississippi Employment Security Commission (MESC) or the Chamber of Commerce of Walthall County, this site can take you there. The MESC site (www.mesc.state.us), by the way, is one you may wish to visit. It provides detailed, downloadable employment information for the state. The website of the Mississippi Development Authority (www.mississippi.org) can also answer many of your questions about the state economy. The site not only provides information that acquaints businesses and tourists with what Mississippi has to offer, but also offers newsclips and details about the state's economic incentives packages.

www.rfe.org (Resources for Economists) The original creator of this website, Bill Goffe, worked at the University of Southern Mississippi for a while. This site gives extensive information not only on links providing economic data and analysis, but also gives you information on the possibilities and limitations of software and of several internet tools, as well as jokes that can be used in your next speech! Contact information for economists around the country and on meetings and conferences is also included.

www.economy.com is a website that provides, at its FreeLunch counter, convenient access to national and regional data. There are also several well-done articles from its conference files. Its companion website, www.dismal.com, offers commentary analyzing the latest economic data as it becomes available, as well as other topical articles. As of December 1, however, a monthly fee will be charged for full access to dismal.com.



www.epinet.org is the website of the Economic Policy Institute. In addition to articles on topics of current interest nationally, there are several articles with state-level data. For example, there are estimates of the basic family budgets for each state, the amount of unemployment benefits by state for each income level, and the number of jobs lost due to NAFTA by state (be sure to note the assumptions behind their estimate). A State Resources Guide, which is being expanded, lists a few state-level links.

www.educationplanet.com Offers resources in every area taught from kindergarten through graduate school. If you click on the "Education" category, and then on Careers, you'll find a link that will enable you to compare the cost of living in various Mississippi cities to cities anywhere in the U.S. or in the world!

www.taxfoundation.org The Tax Foundation is a tax-exempt educational organization that collects information on taxes and provides rankings by state for tax burdens, tax rates, tax collections, and other related variables. At this site, you can find out, for example, that in FY2000, Mississippi received $1.78 in federal spending per federal tax dollar paid, which placed it 3rd highest in the nation. Mississippi ranked #31 in state taxes per capita, and its general sales of 7% was among the highest in the nation.

www.ctj.org The nonpartisan, nonprofit Citizens for Tax Justice also provides information on taxes and tax burdens. Of current interest, it ranks Mississippi 49th in terms of the benefits expected under Bush's Tax Plan: the median tax cut here is $534 compared to the U.S. median of $600. (Half of taxpayers will receive a tax cut less than or equal to the median, and half a cut greater than or equal to the median, by definition.)

www.scoreboard.org This website pulls together information from over 400 scientific and governmental databases. Rankings related to environmental quality are available by state, by county, by facilities and by monitoring stations. Mississippi ranks #41 in terms of the average individual's added cancer risk from hazardous air pollutants, for example, where #1 is the highest added risk. Lee County ranks #1 among all U.S. counties in terms of releases of recognized carcinogens to the air, however.

www.cato.org. The Cato Institute is unabashedly dedicated to limited government, free markets and peace. It provides research articles on the full gamut of policy issues, from the economic impact of terrorism through health care options to broadband policy and internet taxation. Lots of facts and ideas, combined with strongly-worded opinions.

www.nyc.gov/html/fdny and www.nyc.gov/html/nypd Though listed last, these are most important sites; here you can find the names and photos of the fire department members and police officers who died in New York City as a result of the September 11 attacks.

CENSUS 2000 QUICKFACTS–A Quick Summary

Some of the latest data released by the U.S. Census Bureau based on its 2000 survey and its supplementary American Community Survey are presented in Tables 1 and 2. In brief, Mississippi's population accounts for 1.01% of the U.S. total, and over the past decade grew somewhat more slowly than that of the rest of the country. The population here is also younger: in the state, 27.3% of persons are under 18 years of age, compared to 25.7% for the U.S. as a whole. Forty percent of households here include someone under 18 years of age.

MISSISSIPPI QUICKFACTS FROM THE U.S. CENSUS BUREAU

Table 1. People QuickFacts	Mississippi	USA
Population, 2000	2,844,658	281,421,906
Population, percent change, 1990 to 2000	10.5%	13.1%
Persons under 5 years old, percent, 2000	7.2%	6.8%
Persons under 18 years old, percent, 2000	27.3%	25.7%
Persons 65 years old and over, percent, 2000	12.1%	12.4%
White persons, percent, 2000 (a)	61.4%	75.1%
Black or African American persons, percent, 2000 (a)		
Persons of Hispanic or Latino origin, percent, 2000 (b)	1.4%	12.5%
American Indian and Alaska Native persons, percent, 2000 (a)	0.4%	0.9%
Asian persons, percent, 2000 (a)	0.7%	3.6%
Persons reporting some other race, percent, 2000 (a)	0.5%	5.5%
Persons reporting two or more races, percent, 2000	0.7%	2.4%
Female population, percent, 2000	51.7%	50.9%
High school graduates, persons 25 years and over, 1990	989,312	119,524,718
College graduates, persons 25 years and over, 1990	226,947	32,310,253
Housing units, 2000	1,161,953	115,904,641
Homeownership rate, 2000	72.3%	66.2%
Households, 2000	1,046,434	105,480,101
Persons per household, 2000	2.63	2.59
Households with persons under 18 years, percent, 2000	39.6%	36.0%
Median household money income, 1997 model-based estimate	$28,527	$37,005
Persons below poverty, percent, American Community Survey, 2000	18.2%	12.5%
Children below poverty, percent, American Community Survey, 2000	25.3%	17.1%
Families of single mothers below poverty, percent, American Community Survey, 2000	54.3%	41.7%

(a) Includes persons reporting only race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

SOURCE: U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, 2000 Census of Population and Housing, 1990 Census of Population and Housing, Small Area Income and Poverty Estimates, County Business Patterns, 1997 Census Minority-and-Women-Owned Business, Building Permits, Consolidated Federal Funds Report, 1997 Census of Governments. Available at www.census.gov.

Table 2. Business QuickFacts

	Mississippi	USA	MS as % of USA
Private nonfarm establishments with paid employees, 1998	59,771	6,941,822	0.86%
Private nonfarm employment, 1998	937,023	108,117,731	0.87%
Private nonfarm employment, percent change 1990 - 1998	29.6%	15.7%	188.54%
Nonemployer establishments, 1997	121,668	15,439,609	0.79%
Manufacturers shipments, 1997 ($1000)	39,658,260	3,842,061,405	1.03%
Retail sales, 1997 (1000)	20,774,508	2,460,886,012	0.84%
Retail sales per capita, 1997	$7,605	$9,190	82.75%
Minority-owned firms, 1992	16,386	1,985,565	0.83%
Women-owned firms, 1992	40,879	5,888,883	0.69
Housing units authorized by building permits, 1997	12,871	1,663,533	0.77
Federal funds and grants, 1999 ($1000)	16,487,905	1,516,775,001	1.09
Local government employment - full-time equivalent, 1997	122,256	10,227,429	1.20

Table 3. Geography QuickFacts

Land area, 2000 (square miles)	46,907	35,537,441	1.33%
Persons per square mile, 2000	60.6	79.6	76.13%

SOURCE: As above.

As in previous censuses, educational levels are lower in Mississippi than in the rest of the U.S., and the poverty rates are higher. While 18% of the U.S. population has a college degree, in Mississippi the corresponding figure is 13%. The poverty rate in the state is 18% in the state, compared to 12.5% in the U.S. as a whole. Poverty remains concentrated in certain subgroups. A quarter of children here live below the poverty line, as well as 54% of families headed by single mothers. For the country as a whole, 17% of children are in poverty, and 42% of families headed by single mothers.

Despite the state's high poverty rate, 72% of households own their own homes, more than in the U.S. overall.

Nonfarm employment in the state grew much more rapidly than in the U.S. as a whole over the 1990-98 period, at 29.6% versus 15.7% for the U.S. However, other business-related data show that Mississippi fails to claim a share in proportion to its population size in several categories. Perhaps most surprisingly, although Mississippians make up 3% of the African-American population in the country, minority-owned firms in Mississippi account for only 0.8% of the U.S. total. The percentage of businesses here that are women-owned has been lower than in the U.S. overall as well, and this continues to be the case. These figures on business ownership will soon be updated and will likely improve, but some gap will remain, based on interim data available from the Census.

Mississippi receives 1.09% of federal funds and grants, which is a bit higher than the state's 1.01% share in total population. However, federal dollars received per capita are substantially greater than federal taxes per capita paid. In fact, in FY2000 Mississippi ranked third in the nation in the ratio of federal funds received per tax dollars paid. See www.taxfoundation.org.