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An Analysis of Economic, Business & Demographic Trends

POST-RECESSION AMERICA: A NEW ECONOMIC GEOGRAPHY?

by **James W. Hughes and Joseph J. Seneca**


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America is just now starting to invent its post-recession economic future. The Great 2007–2009 Recession was the worst economic downturn since the Great Depression.[1] That is not surprising since the two largest absolute annual private-sector employment losses since payroll statistics were first compiled in 1939 took place in 2009 and 2008.[2] But what is surprising is that the Great Recession may also turn out to have been the great equalizer across the nation's states and regions. A number of America's former economic high-flyers were grievously wounded during the downturn and their weaknesses exposed. As a result, conventional assumptions about their future economic prospects—*as consistent national growth leaders*—may now come into question.

At the same time, a number of former economic low-flyers actually matched the nation's rate of private-sector employment growth during the last year of the past expansion (2007), then outperformed the nation during the Great Recession by having much lower rates of job decline. Were their underlying economic and spatial assets recognized anew? Conventional assumptions of the recent past about *their* economic prospects—*as consistent national growth laggards*—may also come into question. Has the economic playing field been leveled by the Great Recession? Does the opportunity now exist for once-lagging areas to regain economic competitiveness with appropriate policy actions? Or will they, if such actions are absent or ineffective, revert to old form and again be relegated to the caboose of the American economic train when the recovery fully gains traction?

These state and regional questions will be answered in the context of a nation that itself is facing significant questions about its post-Great Recession future. While Wall Street has rebounded, will Main Street ultimately follow? Will structural fiscal problems abroad spread to damage the American recovery? Will America itself be able to address its own fiscal problems without negative impacts on economic growth? Will America's major industries make strategic investments in the United States—thereby creating new knowledge-based, middle-class jobs at home—or will these investments be made in the new global growth markets—thus hollowing out the nation's knowledge-dependent employment base? The latter question is particularly important since the United States confronts an employment deficit of such depth that it may take until 2017 to return to the pre-recession labor market conditions of 2007.[3] This is perhaps an optimistic date, given the potential permanent changes to labor market and job creation "normalcy" resulting from white-collar off-shoring, automation, efficiency gains, and information technology and management advances. (*continued on page 2*)

1. Its starting date was December 2007, according to the Business Cycle Dating Committee of the National Bureau of Economic Research. The committee has not yet made the call on the end date.
2. Nearly 4.7 million private-sector jobs were lost in 2009, breaking the record loss set in 2008 (–3.8 million jobs).

3. The nation's employment deficit consists of America's recessionary employment losses, *plus* the jobs needed to provide employment for secular growth in the labor force, as explained in *Advance & Rutgers Report*, Issue Paper Number 1 (September 2009). The unemployment rate in December 2007, the peak of the last business cycle, was 5.0 percent. As of May 2010, it was 9.7 percent.

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A Message from Advance Realty

Working through the Worry


Peter J. Cocoziello

I recently attended a Harvard lecture given by the economic historian Niall Ferguson, which included a conversation with CEOs from some of the world's largest companies describing their thoughts about "What Worries the World." Not surprisingly, a lecture such as this—given at a time when uncertainty has come to define our economy's state of being—elicited no shortage of "worries" to make the list: credit contraction, war in the Middle East, dollar collapse, employment disorder, overregulation, unsustainable energy dependence, digital terrorism, trade imbalance. The list goes on.

It has become increasingly apparent, as we emerge from the Great Recession, that economic conditions at the global and national levels are closely connected to those at the state and industry levels. The worries of the world offered during Ferguson's lecture have contributed to the "musical chairs" of the regional and local economies that Professors Hughes and Seneca outline in this latest issue of the *Advance & Rutgers Report*, whereby states once poised for the most growth are now suffering the greatest woes, and industries once considered drivers of our economy are now taking a back seat.

As the founder of a real estate development company, I, like many, am concerned with the international market's reaction to continued government intervention in our economy: how prolonged heavy borrowing will affect credit availability and interest rates for businesses over the long term.

But while this continues to play out, businesses must identify their own solutions to surmount today's challenges. The saying that great opportunities arise in times of great uncertainty is most certainly true for this market cycle. Will you continue to focus your energies on cost reduction and efficiency measures, or are you identifying opportunities to offer a better value proposition through innovation?

At Advance, we have embraced the need for innovation right now, recently launching Advance Real Estate Solutions, a new division of our company that provides our corporate clients and investors with a platform of investment and development solutions to seize opportunities created by recent market dislocations.

Without a crystal ball to know when the next cycle of hyperactivity will be upon us, the best we can do is position ourselves to be ready for its arrival. The worries of the world may be great, but our opportunities for growth are even greater.

Peter J. Cocoziello, Founder and CEO—Advance Realty

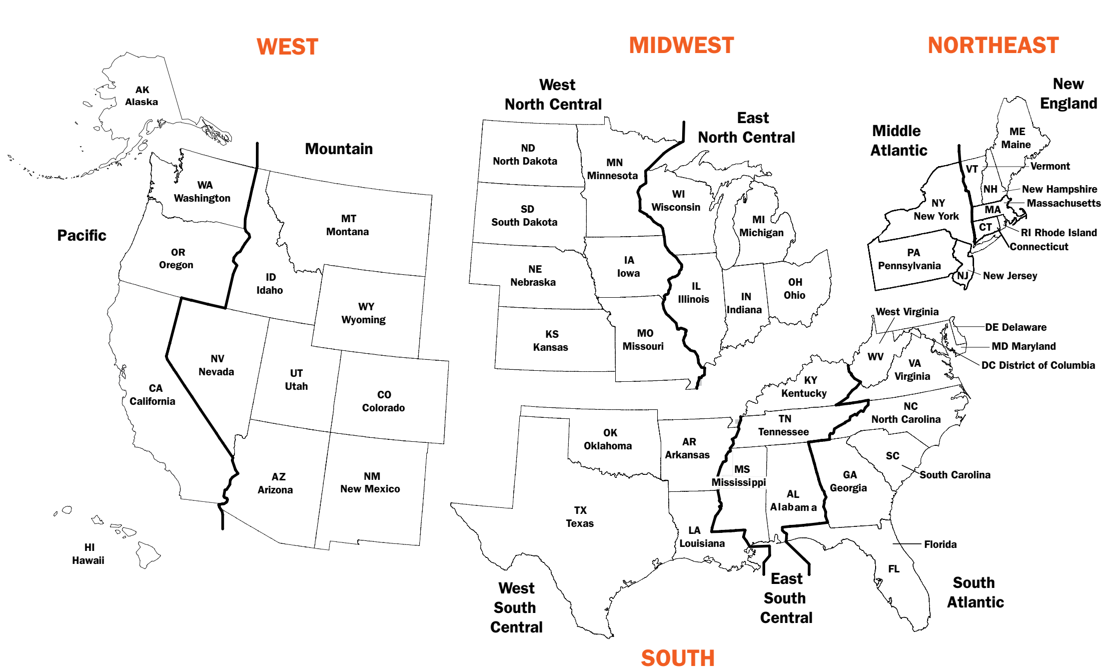
(POST-RECESSION AMERICA, CONTINUED FROM PAGE 1)

Whatever the time frame of full deficit recovery, there are not likely to be any easy job-growth lifts to states and regions simply because of strongly rising national employment tides. States will have to compete ever harder for scarce jobs for their citizenry, particularly for those jobs desired by a well-educated, but not super-skilled, middle class. However, with a more level national economic playing field, many states may not be preordained to be losers in this competition, an unfortunate destiny under past economic assumptions and conditions. This new potential competitiveness itself is not guaranteed, however. To be effective, states must comprehend the new overarching global and national economic climate, and not cling to the past. They must govern smarter and frugally, focusing on cost controls, affordability, sustainable tax policies, public-private balances, labor force quality, and supporting infrastructure. How states respond to these challenges will determine their economic destinies. These destinies are not foreordained, but are, to a large extent, in their own hands. Tough choices will have to be made on what realistically should and can be done, and what sacrifices have to be made, as the margin for error has markedly contracted in the new global economic environment.

Overview

America experienced a wild ride on a perilous economic roller coaster during the first decade of the twenty-first century. The ride started as the nation approached the peak of the great transmillennial economic expansion (2000), plummeted into a trough of recession and job-loss recovery (2001–2003), ascended a modest business-cycle expansion (2003–2006), flat-lined as the economy peaked (2007), and finally plunged into the Great Recession (2007–2009). Complex and ever-shifting national and global forces propelled this tumultuous journey: a high-tech bubble and its bursting, a stock market bubble and its bursting, a housing bubble and its bursting, a credit bubble and its bursting, wild swings in energy and commodity costs, and the job hemorrhaging of legacy manufacturing sectors. All of these produced a number of both expected and surprising state and regional employment-growth and population migration-flow patterns. (*continued on page 4*)

Map of the United States, Showing Census Regions and Divisions



Source: *Statistical Abstract of the United States*, U.S. Census Bureau.

Definitional Note

The U.S. Census Bureau segments the United States into four regions—Northeast, South, Midwest, and West. These regions are further broken down into nine divisions. Regions, divisions, and the states they comprise (including the District of Columbia, which is not part of the analysis in this report) are listed below.

Region	Division	Inclusive States
NORTHEAST	**New England**	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
	Middle Atlantic	New Jersey, New York, Pennsylvania
SOUTH	**South Atlantic**	Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia [The District of Columbia is part of this division but is **not** included in the analysis of this report.]
	East South Central	Alabama, Kentucky, Mississippi, Tennessee
	West South Central	Arkansas, Louisiana, Oklahoma, Texas
MIDWEST	**East North Central**	Illinois, Indiana, Michigan, Ohio, Wisconsin
	West North Central	Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
WEST	**Mountain**	Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
	Pacific	Alaska, California, Hawaii, Oregon, Washington

Source: U.S. Bureau of Labor Statistics.

- As the national economy slowed in 2007, the Northeast region's rate of private-sector employment growth surprisingly *matched* that of the United States, defying the region's long-term trend of consistently lagging behind the nation! It was then transformed into the regional leader the next two years (2007–2009), as the Great Recession buffeted the nation even harder than the Northeast.

- At the same time, the relative performance of the region's Middle Atlantic division (New Jersey, New York, and Pennsylvania) actually surpassed that of the nation as a whole in 2007. This was in sharp contrast to the past four decades, when the Middle Atlantic division was consistently the slowest-growing division in the slowest-growing region of the country. Then, in 2007–2009, it ranked second in relative job growth performance (i.e., its losses were less) among the nation's nine Census divisions.

- This regional and divisional upsurge was prefaced by the strong economic performance of New York, which emerged as the regional (and national) economic locomotive in 2006 and 2007. During those two years, its relative robust growth was bulwarked by New York City's surging Wall Street institutions, which seemingly defied gravity by speeding ahead of the growth in the real economy. Then, after the credit bubble burst, the federal rescue package for the financial markets implemented in 2008 and 2009 enabled the city's financial institutions to avoid the most-dire forecasts of financial sector resizing and contraction.

- The Northeast region's economy outperformed not only the Midwest region, a consistent laggard buffeted by a contracting automobile industry and an ongoing national manufacturing employment hemorrhage, but also the South and West regions—long the nation's job growth leaders—which were stung badly by the bursting of the nation's housing bubble.

- The South Atlantic division of the South and the Mountain division of the West were clear-cut divisional winners in the 2003–2006 expansion. However, both plummeted to the bottom rungs of the divisional ladder in the 2007–2009 recession.

- At the state level, Arizona, California, Florida, and Nevada—collectively known as the four "sand" states—were epicenters of America's unprecedented 2001–2006 housing boom. Now, they are epicenters of America's great housing bust. This dramatic reversal of "shelter" fortune has had significant ramifications for regional employment growth patterns.

- Surging energy and commodity prices in 2007 produced strong growth in the energy- and natural resources-production states and regions. While negatively impacted during the Great Recession, a number of commodity-based state and regional economies maintained at least some of their relative edge despite reduced consumer and business demand.

- All of these economic shifts were substantially mirrored by regional and state population movements. For example, in mid-decade, domestic migration flows from the Northeast to the South dominated America. By the end of the decade, these were greatly reduced. Florida, which had the greatest mid-decade domestic migration inflows, actually ended the decade experiencing two years (2008 and 2009) of net domestic migration losses.

By the end of 2009, the *Great Stabilization*—which marked the aversion of economic and financial catastrophe—had supplanted the Great Recession. But the trends that emerged in the 2007–2009 period may not be destiny. Changing global and national economic dynamics may again transform the relative fortunes of America's regions and states. The contours of our economic future are not yet clear, but they are about to be reinvented.

The 2007–2009 reversals of economic fortune may signal a profound long-term change or simply a blip on the reversion to long-term trends. If it's the latter, then a V-shaped recovery may be in store for the former high-flyers who will regain their leadership positions. Historically, deep recessions in the United States are usually followed by strong bounce-backs, hence the use of the calligraphic V-shape to depict such recoveries.

If this applies to states and regions, those areas that experienced sharp negative reversals of fortune and steep downturns may now be poised to experience vigorous growth as the national expansion gains momentum. This would suggest a boom-bust-boom trajectory and the return to a "business as usual" scenario, with the former national leaders reasserting themselves.

But if the reversals reflect a more fundamental shift in trend, the hard-hit former high-flying states and regions—which only a few years ago were viewed as seemingly risk-free economic Promised Lands—may not regain their previous luster as the national expansion takes hold, thus limiting the possibility of a V-shaped recovery. Some of their "promise" may have evaporated as their "defects" were exposed, e.g., overreliance on housing, construction, and consumption as economic locomotives. This would suggest that a return to "business as usual" does not occur, and that the old pre-recession "normal" is not coming back anytime soon. The economic playing field may no longer be tilted in their favor, giving the opportunity to older "low-flying" states and regions to regain economic competitiveness.

The Broad Twenty-First Century Regional Picture

Up until the Great Recession, the critical mass of America's economic growth had been shifting to the South and West from the older industrial states of the Northeast and Midwest. This was evident in the patterns of private-sector job growth. The long-term geographic employment trend in the United States was characterized, depending on the stage of the national economic cycle, by below-average growth or above-average decline in the Northeast and Midwest, and by above-average growth or below-average decline in the South and West. However, starting in 2006, the penultimate year of the past expansion, the Northeast region, and particularly its Middle Atlantic division, experienced a phoenix-like *relative* resurgence. This pattern is evident in the employment growth-rate data of table 1; the detailed employment data are presented in the appendix. (A listing of all states by region and division is presented on page 3.) At the same time, America's Sunbelt high-flyers started to experience a dramatic reversal of their once nation-leading economic fortunes.

Between December 1992 and December 2000, a period encompassed by the great transmillennial economic expansion, private-sector employment growth in the West (29.4 percent) and South (27.4 percent) was significantly higher than the nation (23.3 percent), while that of the Midwest (18.7 percent) and Northeast (16.4 percent) was significantly lower (table 1).[4] Thus, the Northeast region was a clear national laggard. And, the region's Middle Atlantic division, comprising New Jersey, New York, and Pennsylvania, was the nation's slowest-growing division in the nation's slowest-growing region. Its 1992–2000 private-sector employment growth rate (15.4 percent) was about one-third that of the nation-leading Mountain division (44.9 percent), and about one-half of the West South Central (29.1 percent) and South Atlantic (29.0 percent) divisions, which ranked second and third among all the regional divisions.

Then, between 2000 and 2003, an extended period of national job decline, the United States lost 2.8 percent of its private-sector employment.[5] Both the Northeast and Midwest had greater rates of job decline than the nation. But the Midwest (-4.0 percent) replaced the Northeast (-3.5 percent) as the regional laggard, while the South (-2.1 percent) and West (-2.1 percent) again had the strongest relative regional performances.[6] The Midwest's East North Central division (-4.8 percent) and Northeast's New England division (-4.1 percent) replaced the Middle Atlantic division (-3.2 percent) as the divisional laggards. The Mountain (0.0 percent) and South Atlantic (-1.5 percent) divisions fared the best in a relative sense of remaining flat in terms of total private-sector employment or losing jobs at a lower rate.

4. According to the National Bureau of Economic Research, the expansion started in March 1991 and lasted until March 2001, fully 10 years later.

5. Private-sector employment peaked in December 2000 and then declined through July 2003, 31 months later.

6. Just over 80 percent of the nation's total private-sector employment losses (3.45 million jobs) were in manufacturing (2.78 million jobs). Thus, it is not surprising that the old industrial heartland of America bore the brunt of the employment downturn.

TABLE 1
Private-Sector Employment by Census Region and Division Percentage Change: Dec. 1992–Dec. 2000; Dec. 2000–Dec. 2003; Dec. 2003–Dec. 2006; Dec. 2006–Dec. 2007 Dec. 2007–Dec. 2009

(Based on seasonally adjusted data, in thousands)

Region and Division	December 1992–December 2000	December 2000–December 2003	December 2003–December 2006	December 2006–December 2007	December 2007–December 2009
United States[1]	**23.3**	**–2.8**	**5.6**	**0.7**	**–7.8**
Northeast	**16.4**	**–3.5**	**3.1**	**0.7**	**–5.3**
New England	19.0	–4.1	2.8	0.5	–5.8
Middle Atlantic	15.4	–3.2	3.3	0.8	–5.1
South	**27.4**	**–2.1**	**7.4**	**0.9**	**–7.6**
South Atlantic	29.0	–1.5	8.1	–0.1	–9.0
East South Central	19.6	–3.0	4.7	0.6	–8.7
West South Central	29.1	–2.6	7.6	2.8	–4.6
Midwest	**18.7**	**–4.0**	**2.5**	**0.2**	**–7.9**
East North Central	17.7	–4.8	1.5	0.0	–9.0
West North Central	21.1	–2.3	4.8	0.8	–5.6
West	**29.4**	**–2.1**	**8.5**	**0.8**	**–10.0**
Mountain	44.9	0.0	13.0	1.2	–10.2
Pacific	23.7	–3.0	6.6	0.6	–9.9

Note: 1. U.S. total is calculated as the sum of the four regions. This sum differs from the separately published national private payroll employment total.

Source: U.S. Bureau of Labor Statistics.

In the 2003–2006 job recovery, the nation's private-sector employment grew by a modest 5.6 percent.[7] The Midwest again had the weakest regional growth (2.5 percent), followed by the Northeast (3.1 percent). The West (8.5 percent) and South (7.4 percent) remained the regional dynamos, led again by the West's Mountain division (13.0 percent) and the South's South Atlantic division (8.1 percent). The slowest-growing division was the Midwest's East North Central (1.5 percent), followed by the New England (2.8 percent) and Middle Atlantic (3.3 percent) divisions.

7. This post-recession job growth rate was considerably lower than in previous post-war economic recoveries.

The economic expansion slowed dramatically in 2007, and a reversal of economic fortune began to take hold. In that year, the Northeast region, surprisingly, matched the nation's growth rate (0.7 percent), while its Middle Atlantic division (0.8 percent) actually surpassed it. In contrast, the South's once substantial growth advantage relative to the nation narrowed significantly (0.9 percent versus 0.7 percent), and its once-booming South Atlantic division unexpectedly slipped into decline (-0.1 percent). In fact, it was the only division to experience private-sector job losses. The Midwest remained the regional laggard (0.2 percent), while the West's growth (0.8 percent) barely exceeded that of the nation (0.7 percent). The divisional growth leaders were the West South Central division (2.8 percent) and the Mountain division (1.2 percent), based on the global boom in energy and commodity prices.

December 2007 was the peak of the national economic cycle: the Great Recession then unfolded as housing markets and financial institutions collapsed. In the two-year period between December 2007 and December 2009, the nation's employment base declined by a precipitous 7.8 percent, more than wiping out the employment growth of the preceding four years (2003–2007).[8] Surprisingly, in the context of this sharp economic contraction, it was the Northeast region that had the lowest rate of job decline (-5.3 percent) of the four regions, and its Middle Atlantic division had the second lowest rate of job decline (-5.1 percent) of any division. Equally surprising, the Middle Atlantic division actually *outperformed* the formerly high-flying Mountain division (-10.2 percent) of the West and the South Atlantic division (-9.0 percent) of the South. Only the South's West South Central division had a lower rate of decline (-4.6 percent).

The relative "fall" of the southern and western dynamos during the Great Recession and its aftermath—the shift from leader to laggard—was not generally anticipated. Nor was the nation-leading performance of the Northeast. While this new order of relative regional growth rates may be fleeting, it was certainly an unanticipated but defining characteristic of the final years of the first decade of the twenty-first century.

State Growth Patterns: Shifting Sands

The regional growth shifts that unfolded since 2003 were intertwined with the economic performances of individual states as they responded to changing national economic forces. In many cases, the state changes turned out to be sharp breaks with the past, while others represented extensions of long-standing trajectories. The following are some of the more prominent developments that preceded and then accompanied the Great Recession and its aftermath.

How the Mighty Have Fallen: I

Arizona, California, Florida, and Nevada—collectively known as the "sand" states—were the epicenters of the nation's unprecedented 2001–2006 housing boom. Their high-flying, easy-credit-based status was reflected in stunning employment gains during the 2003–2006 period (table 2), when Florida ranked second among the 50 states in absolute private-sector employment growth (685,000 jobs), California ranked third (654,300 jobs), Arizona ranked fourth (317,600 jobs), and even tiny Nevada ranked eleventh (156,300 jobs). In addition, three of the four "sand" states had double-digit job-growth rates during the three-year period (table 3). Arizona was first among the 50 states (16.4 percent), Nevada second (16.0 percent), and Florida third (10.9 percent).

However, these four states were quickly transformed into the epicenters of an intensifying and spreading housing-market bust. As a result, three of the four states experienced private-sector employment losses in 2007, plummeting to the bottom rungs of the 50-state private-sector job-growth rankings (table 4). Florida (50th) lost 118,100 jobs, Arizona (47th) lost 4,000 jobs, and Nevada (46th) lost 1,500 jobs. In terms of rates of growth (table 5), Florida ranked 50th (-1.7 percent), Arizona ranked 47th (-0.2 percent), and Nevada ranked 45th (-0.1 percent). California, although still registering absolute growth (24,400 jobs), fell to 39th in rate of growth (0.2 percent). What a difference a year made!

The nation's housing markets continued their slide in 2008 and 2009, as America's deepening recession produced further aftershocks in these states. Between 2007 and 2009, as detailed in table 6, California ranked dead last (50th) in private-sector employment change (-1.3 million jobs), followed by 49th-ranked Florida (-784,500 jobs), and 41st-ranked Arizona (-273,800 jobs). In terms of rate of change, Nevada ranked 50th, with the highest rate of decline (-14.4 percent) of all the states (table 7), followed by 49th-ranked Arizona (-12.2 percent), 48th-ranked Florida (-11.5 percent), and 45th-ranked California (-10.5 percent). What a threshold reversal of economic fortune!

8. As of this writing, the National Bureau of Economic Research had yet to date the recession's end. But private-sector employment declined through December 2009, and then resumed growth in 2010.

TABLE 2

Total Private-Sector Employment
Absolute Change, December 2003–December 2006

(Seasonally adjusted, in thousands)

Rank	State	December 2003	December 2006	Absolute Change
1	Texas	7,750.7	8,492.4	741.7
2	**Florida**	**6,256.6**	**6,941.6**	**685.0**
3	**California**	**11,989.1**	**12,643.4**	**654.3**
4	**Arizona**	**1,932.4**	**2,250.0**	**317.6**
5	North Carolina	3,151.4	3,421.7	270.3
6	New York	6,923.3	7,189.4	266.1
7	Georgia	3,227.6	3,456.9	229.3
8	Washington	2,149.5	2,357.1	207.6
9	Virginia	2,884.3	3,064.2	179.9
10	Pennsylvania	4,873.6	5,032.9	159.3
11	**Nevada**	**978.5**	**1,134.8**	**156.3**
12	Illinois	4,950.6	5,105.9	155.3
13	Utah	887.3	1,021.8	134.5
14	Colorado	1,799.0	1,932.4	133.4
15	Oregon	1,302.4	1,434.4	132.0
16	South Carolina	1,485.0	1,600.2	115.2
17	Tennessee	2,264.0	2,369.6	105.6
18	Missouri	2,249.8	2,354.5	104.7
19	Minnesota	2,245.2	2,344.0	98.8
20	Alabama	1,520.6	1,612.3	91.7
21	Maryland	2,036.0	2,126.0	90.0
22	Wisconsin	2,371.3	2,458.1	86.8
23	Oklahoma	1,147.8	1,227.1	79.3
24	Massachusetts	2,758.3	2,831.4	73.1
25	Indiana	2,478.7	2,551.3	72.6
26	New Jersey	3,360.2	3,431.6	71.4
27	Idaho	463.3	530.5	67.2
28	Iowa	1,200.3	1,264.0	63.7
29	New Mexico	585.4	644.4	59.0
30	Kentucky	1,482.1	1,539.7	57.6
31	Kansas	1,061.7	1,110.9	49.2
32	Hawaii	454.3	501.0	46.7
33	Connecticut	1,397.8	1,443.5	45.7
34	Ohio	4,585.9	4,626.8	40.9
35	Arkansas	951.9	991.9	40.0
36	Montana	317.4	351.5	34.1
37	Nebraska	753.5	784.8	31.3
38	Mississippi	878.1	909.2	31.1
39	Wyoming	188.6	217.4	28.8
40	West Virginia	587.7	612.5	24.8
41	South Dakota	305.0	326.9	21.9
42	New Hampshire	530.8	552.2	21.4
43	North Dakota	259.2	279.9	20.7
44	Delaware	362.2	378.2	16.0
45	Alaska	219.9	235.0	15.1
46	Rhode Island	420.7	431.3	10.6
47	Maine	505.7	512.1	6.4
48	Vermont	249.6	254.2	4.6
49	Louisiana	1,535.1	1,535.6	0.5
50	Michigan	3,720.2	3,632.9	–87.3

Source: U.S. Bureau of Labor Statistics.

TABLE 3
Total Private-Sector Employment Percentage Change, December 2003–December 2006
(Seasonally adjusted, in thousands)

Rank	State	December 2003	December 2006	Percentage Change
1	**Arizona**	**1,932.4**	**2,250.0**	**16.4**
2	**Nevada**	**978.5**	**1,134.8**	**16.0**
3	Wyoming	188.6	217.4	15.3
4	Utah	887.3	1,021.8	15.2
5	Idaho	463.3	530.5	14.5
6	**Florida**	**6,256.6**	**6,941.6**	**10.9**
7	Montana	317.4	351.5	10.7
8	Hawaii	454.3	501.0	10.3
9	Oregon	1,302.4	1,434.4	10.1
10	New Mexico	585.4	644.4	10.1
11	Washington	2,149.5	2,357.1	9.7
12	Texas	7,750.7	8,492.4	9.6
13	North Carolina	3,151.4	3,421.7	8.6
14	North Dakota	259.2	279.9	8.0
15	South Carolina	1,485.0	1,600.2	7.8
16	Colorado	1,799.0	1,932.4	7.4
17	South Dakota	305.0	326.9	7.2
18	Georgia	3,227.6	3,456.9	7.1
19	Oklahoma	1,147.8	1,227.1	6.9
20	Alaska	219.9	235.0	6.9
21	Virginia	2,884.3	3,064.2	6.2
22	Alabama	1,520.6	1,612.3	6.0
23	California	11,989.1	12,643.4	5.5
24	Iowa	1,200.3	1,264.0	5.3
25	Tennessee	2,264.0	2,369.6	4.7
26	Missouri	2,249.8	2,354.5	4.7
27	Kansas	1,061.7	1,110.9	4.6
28	Maryland	2,036.0	2,126.0	4.4
29	Delaware	362.2	378.2	4.4
30	Minnesota	2,245.2	2,344.0	4.4
31	West Virginia	587.7	612.5	4.2
32	Arkansas	951.9	991.9	4.2
33	Nebraska	753.5	784.8	4.2
34	New Hampshire	530.8	552.2	4.0
35	Kentucky	1,482.1	1,539.7	3.9
36	New York	6,923.3	7,189.4	3.8
37	Wisconsin	2,371.3	2,458.1	3.7
38	Mississippi	878.1	909.2	3.5
39	Connecticut	1,397.8	1,443.5	3.3
40	Pennsylvania	4,873.6	5,032.9	3.3
41	Illinois	4,950.6	5,105.9	3.1
42	Indiana	2,478.7	2,551.3	2.9
43	Massachusetts	2,758.3	2,831.4	2.7
44	Rhode Island	420.7	431.3	2.5
45	New Jersey	3,360.2	3,431.6	2.1
46	Vermont	249.6	254.2	1.8
47	Maine	505.7	512.1	1.3
48	Ohio	4,585.9	4,626.8	0.9
49	Louisiana	1,535.1	1,535.6	0.0
50	Michigan	3,720.2	3,632.9	–2.3

Source: U.S. Bureau of Labor Statistics.

How the Mighty Have Fallen: II

The South Atlantic states were a major part of America's new economic frontier ever since the rise of the Sunbelt, with its noteworthy demographic and economic performance, began in the 1970s. For example, during the 2003–2006 "boom" years (table 2), North Carolina ranked fifth among all states in private-sector employment growth (270,300 jobs), Georgia ranked seventh (229,300 jobs), and Virginia ranked ninth (179,900 jobs). So, the South kept rising! Adding in Texas, Florida, California, and Arizona, the Sunbelt accounted for seven of the top ten employment-growth states. As the national economy started to plateau in 2007, and as three of the four "sand" states slipped into decline, North Carolina (ranked 4th), Virginia (14th), and Georgia (17th) remained among the nation's private-sector job-growth leaders, although the latter two showed some slippage relative to the earlier three years (tables 4 and 5).

However, yet another reversal of economic fortune took place in the 2007–2009 period. In terms of absolute private-sector employment change (table 6), Georgia fell to 44th place (-342,800 jobs), North Carolina fell to 43rd (-317,500 jobs), and Virginia to 34th (-171,500 jobs). The once economic Promised Lands seem to have lost some promise.

How the Mighty Have Fallen: III

The Great 2007-2009 Recession took no prisoners. Even mighty Texas was not immune to the severe down-turn. As detailed in table 2, between 2003 and 2006, Texas ranked first in absolute private-sector employment growth (741,700 jobs), approximately 10 percent higher than second-ranked Florida (685,000 jobs). While Texas's absolute job growth fell in 2007 (table 4), it was still 237 percent higher than second-ranked New York (275,800 jobs versus 81,900 jobs). Thus, the gap in job growth between Texas and the rest of the country actually widened.

But the profound leveling effect of the Great Recession brought with it a new economic reality, even for Texas. In the 2007–2009 period, The Great Recession did indeed "Mess with Texas," and the state lost 389,200 jobs, falling from its previous top-ranked perch all the way down to 45th (table 6). Moreover, Texas's employment decline actually all took place in 2009 (-396,000 jobs), when it ranked 49th among the 50 states.[9] That year, only California had a greater job loss. Thus, Texas's reversal of economic fortune was abrupt and profound.

Ongoing Corrosion in the Industrial Heartland

The East North Central division of the Midwest, a long-term laggard, is at the heart of the nation's old industrial heartland, or Rustbelt. Epitomizing its difficulties is Michigan, which ranked 50th in private-sector employment growth in both absolute change (-87,300 jobs) and percentage change (-2.3 percent) between 2003 and 2006 (tables 2 and 3). It was the only state in this expansionary period to experience an employment loss. In subsequent years, economic distress spread to the rest of the Rustbelt and intensified. Between 2007 and 2009 (table 6), Illinois ranked 48th in absolute private-sector employment change (-429,100 jobs), Ohio ranked 47th (-412,400 jobs), and Michigan ranked 46th (-390,400 jobs). This represents deindustrialization on an unprecedented scale, driven by the painful restructuring of America's legacy automobile industry and the emergence of China as the global factory floor. In this case, there was no reversal of fortune, just the acceleration of a steady downward economic trajectory.

Energy and Commodity Winners

While the nation's consumers were reeling under surging energy and commodity costs in 2007, there were a number of states that emerged as winners. For example, nine energy- and natural resource-producing states were ranked in the top 10 states in terms of the rate of private-sector employment growth in 2007 (table 5). Wyoming (3.7 percent), Utah (3.3 percent), and Texas (3.2 percent) ranked 1 through 3. Ranked 5 through 10 were Louisiana (2.4 percent), Montana (2.4 percent), North Dakota (2.3 percent), Nebraska (2.0 percent), Colorado (2.0 percent), and South Dakota (1.8 percent), while Oklahoma ranked 11th (1.8 percent).

While negatively impacted during the Great Recession (2007–2009), the top five states—as

9. Texas actually gained 6,800 jobs in 2008 but still ranked first in employment change (not shown in tables).

TABLE 4
Total Private-Sector Employment Absolute Change, December 2006–December 2007
(Seasonally adjusted, in thousands)

Rank	State	December 2006	December 2007	Absolute Change
1	Texas	8,492.4	8,768.2	275.8
2	New York	7,189.4	7,271.3	81.9
3	Washington	2,357.1	2,422.9	65.8
4	North Carolina	3,421.7	3,475.5	53.8
5	Colorado	1,932.4	1,970.6	38.2
6	Louisiana	1,535.6	1,572.5	36.9
7	Utah	1,021.8	1,055.2	33.4
8	Pennsylvania	5,032.9	5,065.1	32.2
9	Illinois	5,105.9	5,132.9	27.0
10	California	12,643.4	12,667.8	24.4
11	Massachusetts	2,831.4	2,854.5	23.1
12	Oklahoma	1,227.1	1,248.7	21.6
13	Alabama	1,612.3	1,631.8	19.5
14	Virginia	3,064.2	3,081.5	17.3
15	Kansas	1,110.9	1,126.7	15.8
16	Nebraska	784.8	800.4	15.6
17	Georgia	3,456.9	3,471.5	14.6
18	Tennessee	2,369.6	2,380.7	11.1
19	Minnesota	2,344.0	2,354.5	10.5
20	Oregon	1,434.4	1,444.5	10.1
21	Wisconsin	2,458.1	2,467.8	9.7
22	Connecticut	1,443.5	1,452.8	9.3
23	Iowa	1,264.0	1,272.8	8.8
24	New Mexico	644.4	652.7	8.3
25	Montana	351.5	359.8	8.3
26	Idaho	530.5	538.8	8.3
27	Wyoming	217.4	225.4	8.0
28	North Dakota	279.9	286.3	6.4
29	South Dakota	326.9	332.7	5.8
30	New Jersey	3,431.6	3,437.1	5.5
31	South Carolina	1,600.2	1,605.6	5.4
32	Kentucky	1,539.7	1,545.0	5.3
33	Maine	512.1	515.8	3.7
34	Maryland	2,126.0	2,129.5	3.5
35	Hawaii	501.0	504.3	3.3
36	Mississippi	909.2	912.1	2.9
37	Arkansas	991.9	994.7	2.8
38	West Virginia	612.5	615.2	2.7
39	Missouri	2,354.5	2,356.8	2.3
40	Alaska	235.0	237.1	2.1
41	New Hampshire	552.2	553.9	1.7
42	Indiana	2,551.3	2,552.1	0.8
43	Vermont	254.2	254.7	0.5
44	Ohio	4,626.8	4,626.3	–0.5
45	Delaware	378.2	377.7	–0.5
46	**Nevada**	**1,134.8**	**1,133.3**	**–1.5**
47	**Arizona**	**2,250.0**	**2,246.0**	**–4.0**
48	Rhode Island	431.3	424.5	–6.8
49	Michigan	3,632.9	3,596.2	–36.7
50	**Florida**	**6,941.6**	**6,823.5**	**–118.1**

Source: U.S. Bureau of Labor Statistics.

TABLE 5

Total Private-Sector Employment
Percentage Change, December 2006–December 2007

(Seasonally adjusted, in thousands)

Rank	State	December 2006	December 2007	Percentage Change
1	Wyoming	217.4	225.4	3.7
2	Utah	1,021.8	1,055.2	3.3
3	Texas	8,492.4	8,768.2	3.2
4	Washington	2,357.1	2,422.9	2.8
5	Louisiana	1,535.6	1,572.5	2.4
6	Montana	351.5	359.8	2.4
7	North Dakota	279.9	286.3	2.3
8	Nebraska	784.8	800.4	2.0
9	Colorado	1,932.4	1,970.6	2.0
10	South Dakota	326.9	332.7	1.8
11	Oklahoma	1,227.1	1,248.7	1.8
12	North Carolina	3,421.7	3,475.5	1.6
13	Idaho	530.5	538.8	1.6
14	Kansas	1,110.9	1,126.7	1.4
15	New Mexico	644.4	652.7	1.3
16	Alabama	1,612.3	1,631.8	1.2
17	New York	7,189.4	7,271.3	1.1
18	Alaska	235.0	237.1	0.9
19	Massachusetts	2,831.4	2,854.5	0.8
20	Maine	512.1	515.8	0.7
21	Oregon	1,434.4	1,444.5	0.7
22	Iowa	1,264.0	1,272.8	0.7
23	Hawaii	501.0	504.3	0.7
24	Connecticut	1,443.5	1,452.8	0.6
25	Pennsylvania	5,032.9	5,065.1	0.6
26	Virginia	3,064.2	3,081.5	0.6
27	Illinois	5,105.9	5,132.9	0.5
28	Tennessee	2,369.6	2,380.7	0.5
29	Minnesota	2,344.0	2,354.5	0.4
30	West Virginia	612.5	615.2	0.4
31	Georgia	3,456.9	3,471.5	0.4
32	Wisconsin	2,458.1	2,467.8	0.4
33	Kentucky	1,539.7	1,545.0	0.3
34	South Carolina	1,600.2	1,605.6	0.3
35	Mississippi	909.2	912.1	0.3
36	New Hampshire	552.2	553.9	0.3
37	Arkansas	991.9	994.7	0.3
38	Vermont	254.2	254.7	0.2
39	**California**	**12,643.4**	**12,667.8**	**0.2**
40	Maryland	2,126.0	2,129.5	0.2
41	New Jersey	3,431.6	3,437.1	0.2
42	Missouri	2,354.5	2,356.8	0.1
43	Indiana	2,551.3	2,552.1	0.0
44	Ohio	4,626.8	4,626.3	0.0
45	**Nevada**	**1,134.8**	**1,133.3**	**–0.1**
46	Delaware	378.2	377.7	–0.1
47	**Arizona**	**2,250.0**	**2,246.0**	**–0.2**
48	Michigan	3,632.9	3,596.2	–1.0
49	Rhode Island	431.3	424.5	–1.6
50	**Florida**	**6,941.6**	**6,823.5**	**–1.7**

Source: U.S. Bureau of Labor Statistics.

shown in table 7—were North Dakota (0.8 percent), Alaska (-0.1 percent), South Dakota (-2.9 percent), Louisiana (-3.9 percent) and Nebraska (-4.2 percent). Thus, commodity-based economies maintained at least some of their relative edge despite reduced consumer and business demand from a deep economic downturn.

New York, New York!

At the start of the Great Recession (December 2007), New York ranked third among the 50 states in *total absolute* private-sector employment (7.3 million jobs), following second-ranked Texas (8.8 million jobs) and first-ranked California (12.7 million jobs), as shown in column 4 of table 4. However, New York's private-sector employment *growth* had lagged behind the rest of the country for much of the past four decades. But in 2007, it ranked 17th in *rate of growth*, which—given its large absolute size—translated into a gain of 81,900 jobs, the second largest private-sector employment gain (85,700 jobs) in the nation, trailing only Texas (tables 4 and 5). This followed an equally strong 2006, when New York ranked fifth (not shown in tables).

Thus, those two years saw the emergence of New York as the regional economic dynamo, admittedly driven by the extreme excesses of the financial services industry of New York City. Its record profits, bonuses, and pay levels had potent economic multiplier effects on the city's and metropolitan region's total employment base. According to Bureau of Labor Statistics data, New York City accounted for more than two-thirds of New York State's employment gains in 2006 and 2007.

However, as the housing, equity, and credit-market bubbles burst, major Wall Street retrenchment in the 2007–2009 period knocked the state off its high-flying perch, with attendant negative spillover effects on its immediate neighbors (tables 6 and 7). In those two years, New York ranked 42nd in absolute private-sector employment change (-310,700 jobs). But in terms of rate of decline (-4.3 percent), only five other states fared better, leaving New York a rank of sixth. The federal bank-rescue package forestalled a much more tumultuous and precipitous decline, a scenario that many observers expected after the various props underlying the go-go years were kicked away.

Regional and State Demographic Flows

The shifting employment-change patterns are mirrored by regional and state population migration flows. The Northeast had a net domestic outmigration of 396,922 persons in 2005—i.e., 396,922 more people moved out of the Northeast to the rest of the country than people from the rest of the country moved into the Northeast (table 8). This was by far the largest net outflow of any region. By 2009, the annual net migration loss tumbled to 145,418 persons, as economic opportunity elsewhere diminished significantly and the housing bust deeply restricted mobility.[10] At the same time, the Midwest region experienced the largest net outflow in 2009 (-194,619 persons), as its economic woes multiplied. In 2005, the South had a net domestic in-migration of 578,273 persons. This was by far the largest net inflow of any region. However, by 2009, beset by economic and housing setbacks, the positive net inflow into the South fell to 318,733 persons, a decline of 45 percent.

Some of the individual state shifts are even more tumultuous. In 2005, Florida had a net domestic in-migration of 265,932 people. This was the largest inflow of any state, accounting for nearly 46 percent of the total inflow to the South (578,273 persons) that year. But, by 2009, more people were leaving Florida than entering it, as it experienced net domestic outmigration (-31,179 persons). This was a dramatic turnaround indeed, paralleled by Nevada, which had a positive net domestic migration in 2005 (+52,464 persons) but a net loss in 2009 (-3,801 persons). Similarly, in 2005 Arizona ranked second to Florida in domestic population inflow (+132,164 persons); by 2009, however, the inflow had been reduced to just 15,111 persons. Other former high-flying states exhibited similar slowdowns, as the data in table 8 attest.

Similar "reversals" are evident in former "donor" states, i.e. those with negative domestic migration flows. In 2005, Massachusetts had a net domestic out-migration of 55,077 persons. However, by 2009, it had

10. If you can't sell your house, you can't move! In addition, the housing-market woes of formerly popular destination states (e.g., Florida and Arizona) and regions made them much more risky for home-purchase decisions.

TABLE 6
Total Private-Sector Employment
Absolute Change, December 2007–December 2009
(Seasonally adjusted, in thousands)

Rank	State	December 2007	December 2009	Absolute Change
1	North Dakota	286.3	288.6	2.3
2	Alaska	237.1	236.9	–0.2
3	South Dakota	332.7	322.9	–9.8
4	Vermont	254.7	240.9	–13.8
5	Wyoming	225.4	208.2	–17.2
6	Montana	359.8	334.0	–25.8
7	New Hampshire	553.9	527.4	–26.5
8	Delaware	377.7	347.9	–29.8
9	West Virginia	615.2	584.3	–30.9
10	Maine	515.8	484.5	–31.3
11	Nebraska	800.4	766.9	–33.5
12	Rhode Island	424.5	390.5	–34.0
13	Hawaii	504.3	462.3	–42.0
14	New Mexico	652.7	605.5	–47.2
15	Idaho	538.8	483.5	–55.3
16	Arkansas	994.7	936.4	–58.3
17	Louisiana	1,572.5	1,511.7	–60.8
18	Kansas	1,126.7	1,062.4	–64.3
19	Iowa	1,272.8	1,205.9	–66.9
20	Oklahoma	1,248.7	1,180.5	–68.2
21	Mississippi	912.1	835.5	–76.6
22	Connecticut	1,452.8	1,361.9	–90.9
23	Utah	1,055.2	962.7	–92.5
24	Kentucky	1,545.0	1,439.9	–105.1
25	Maryland	2,129.5	2,003.9	–125.6
26	South Carolina	1,605.6	1,460.1	–145.5
27	Missouri	2,356.8	2,206.7	–150.1
28	Minnesota	2,354.5	2,203.0	–151.5
29	Oregon	1,444.5	1,292.1	–152.4
30	Massachusetts	2,854.5	2,699.6	–154.9
31	Colorado	1,970.6	1,813.1	–157.5
32	Alabama	1,631.8	1,472.8	–159.0
33	Nevada	1,133.3	970.0	–163.3
34	Virginia	3,081.5	2,910.0	–171.5
35	Washington	2,422.9	2,231.0	–191.9
36	Wisconsin	2,467.8	2,272.1	–195.7
37	Tennessee	2,380.7	2,156.8	–223.9
38	New Jersey	3,437.1	3,207.4	–229.7
39	Indiana	2,552.1	2,318.6	–233.5
40	Pennsylvania	5,065.1	4,798.5	–266.6
41	**Arizona**	**2,246.0**	**1,972.2**	**–273.8**
42	New York	7,271.3	6,960.6	–310.7
43	North Carolina	3,475.5	3,158.0	–317.5
44	Georgia	3,471.5	3,128.7	–342.8
45	Texas	8,768.2	8,379.0	–389.2
46	Michigan	3,596.2	3,205.8	–390.4
47	Ohio	4,626.3	4,213.9	–412.4
48	Illinois	5,132.9	4,703.8	–429.1
49	**Florida**	**6,823.5**	**6,039.0**	**–784.5**
50	**California**	**12,667.8**	**11,338.8**	**–1,329.0**

Source: U.S. Bureau of Labor Statistics.

TABLE 7

Total Private-Sector Employment Percentage Change, December 2007–December 2009

(Seasonally adjusted, in thousands)

Rank	State	December 2007	December 2009	Percentage Change
1	North Dakota	286.3	288.6	0.8
2	Alaska	237.1	236.9	–0.1
3	South Dakota	332.7	322.9	–2.9
4	Louisiana	1,572.5	1,511.7	–3.9
5	Nebraska	800.4	766.9	–4.2
6	New York	7,271.3	6,960.6	–4.3
7	Texas	8,768.2	8,379.0	–4.4
8	New Hampshire	553.9	527.4	–4.8
9	West Virginia	615.2	584.3	–5.0
10	Iowa	1,272.8	1,205.9	–5.3
11	Pennsylvania	5,065.1	4,798.5	–5.3
12	Vermont	254.7	240.9	–5.4
13	Massachusetts	2,854.5	2,699.6	–5.4
14	Oklahoma	1,248.7	1,180.5	–5.5
15	Virginia	3,081.5	2,910.0	–5.6
16	Kansas	1,126.7	1,062.4	–5.7
17	Arkansas	994.7	936.4	–5.9
18	Maryland	2,129.5	2,003.9	–5.9
19	Maine	515.8	484.5	–6.1
20	Connecticut	1,452.8	1,361.9	–6.3
21	Missouri	2,356.8	2,206.7	–6.4
22	Minnesota	2,354.5	2,203.0	–6.4
23	New Jersey	3,437.1	3,207.4	–6.7
24	Kentucky	1,545.0	1,439.9	–6.8
25	Montana	359.8	334.0	–7.2
26	New Mexico	652.7	605.5	–7.2
27	Wyoming	225.4	208.2	–7.6
28	Delaware	377.7	347.9	–7.9
29	Washington	2,422.9	2,231.0	–7.9
30	Wisconsin	2,467.8	2,272.1	–7.9
31	Colorado	1,970.6	1,813.1	–8.0
32	Rhode Island	424.5	390.5	–8.0
33	Hawaii	504.3	462.3	–8.3
34	Illinois	5,132.9	4,703.8	–8.4
35	Mississippi	912.1	835.5	–8.4
36	Utah	1,055.2	962.7	–8.8
37	Ohio	4,626.3	4,213.9	–8.9
38	South Carolina	1,605.6	1,460.1	–9.1
39	North Carolina	3,475.5	3,158.0	–9.1
40	Indiana	2,552.1	2,318.6	–9.1
41	Tennessee	2,380.7	2,156.8	–9.4
42	Alabama	1,631.8	1,472.8	–9.7
43	Georgia	3,471.5	3,128.7	–9.9
44	Idaho	538.8	483.5	–10.3
45	**California**	**12,667.8**	**11,338.8**	**–10.5**
46	Oregon	1,444.5	1,292.1	–10.6
47	Michigan	3,596.2	3,205.8	–10.9
48	**Florida**	**6,823.5**	**6,039.0**	**–11.5**
49	**Arizona**	**2,246.0**	**1,972.2**	**–12.2**
50	**Nevada**	**1,133.3**	**970.0**	**–14.4**

Source: U.S. Bureau of Labor Statistics.

TABLE 8
Net Domestic Migration by State, 2002–2009

Region	2002	2003	2004	2005	2006	2007	2008	2009
United States	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Northeast	**-228,780**	**-257,149**	**-329,647**	**-396,922**	**-375,724**	**-312,522**	**-216,854**	**-145,418**
Midwest	**-192,363**	**-172,883**	**-174,995**	**-214,626**	**-183,472**	**-192,309**	**-223,736**	**-194,619**
South	**362,928**	**388,677**	**471,697**	**578,273**	**507,831**	**512,676**	**381,085**	**318,733**
West	**58,215**	**41,355**	**32,945**	**33,275**	**51,365**	**-7,845**	**59,505**	**21,304**
State								
Alabama	-8,583	4,782	5,023	16,256	33,752	16,826	16,927	11,044
Alaska	1,904	2,530	615	-891	-2,159	-3,745	-3,689	979
Arizona	70,105	62,986	90,588	132,164	133,670	79,763	55,468	15,111
Arkansas	366	5,139	10,876	15,384	23,168	8,199	7,037	5,298
California	-119,535	-96,581	-159,777	-248,576	-313,081	-265,169	-142,901	-98,798
Colorado	14,636	-7,588	-3,249	8,538	36,888	34,148	38,488	35,591
Connecticut	-2,802	-16	-14,352	-17,446	-15,075	-20,678	-9,257	-7,824
Delaware	4,198	5,798	6,078	7,815	6,620	4,993	4,504	2,580
District of Columbia[1]	-7,543	-10,286	-7,023	-6,746	-3,369	-3,377	-1,639	4,454
Florida	185,584	171,133	265,420	265,932	141,448	16,707	-18,568	-31,179
Georgia	43,349	36,379	51,507	62,131	127,246	93,094	54,636	26,604
Hawaii	-737	4,967	-1,958	1,069	-4,729	-12,428	-3,385	-5,298
Idaho	6,863	9,030	13,113	20,163	22,971	18,126	11,021	1,555
Illinois	-78,810	-78,636	-72,526	-84,933	-74,809	-53,878	-53,045	-48,249
Indiana	-12,972	-2,355	-4,747	2,961	8,882	1,194	-1,144	-6,805
Iowa	-13,229	-8,540	-3,901	-5,543	48	-1,872	-1,155	-2,135
Kansas	-9,533	-9,766	-12,020	-10,954	-6,367	-3,165	-905	-1,242
Kentucky	4,730	12,279	8,871	15,531	12,472	12,666	9,282	6,268
Louisiana	-18,965	-10,659	-9,956	-14,404	-282,254	29,970	14,162	14,647
Maine	8,667	9,161	3,607	2,713	1,543	-172	411	-2,937
Maryland	12,911	7,410	-11,153	-12,653	-27,377	-33,191	-29,456	-11,163
Massachusetts	-30,511	-44,632	-54,695	-55,077	-42,445	-26,575	-9,724	3,614
Michigan	-34,907	-33,078	-40,087	-57,347	-70,056	-87,176	-103,637	-87,339
Minnesota	-5,068	-9,439	-7,677	-12,579	-1,790	-3,341	-5,406	-8,813
Mississippi	-7,149	-1,221	3,768	590	-19,588	3,968	-1,576	-5,529
Missouri	3,784	5,277	4,433	7,761	14,264	6,383	-2,920	-124

TABLE 8 (CONTINUED)
Net Domestic Migration by State, 2002–2009

Region	2002	2003	2004	2005	2006	2007	2008	2009
United States	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Northeast	**-228,780**	**-257,149**	**-329,647**	**-396,922**	**-375,724**	**-312,522**	**-216,854**	**-145,418**
Midwest	**-192,363**	**-172,883**	**-174,995**	**-214,626**	**-183,472**	**-192,309**	**-223,736**	**-194,619**
South	**362,928**	**388,677**	**471,697**	**578,273**	**507,831**	**512,676**	**381,085**	**318,733**
West	**58,215**	**41,355**	**32,945**	**33,275**	**51,365**	**-7,845**	**59,505**	**21,304**
State								
Montana	1,389	4,545	6,071	5,712	7,360	6,620	6,143	2,410
Nebraska	-4,906	-2,749	-5,157	-3,524	-4,978	-5,538	-3,107	-956
Nevada	44,120	43,321	67,020	52,464	54,069	40,769	15,622	-3,801
New Hampshire	8,378	5,484	5,429	2,720	3,848	-340	-846	-2,602
New Jersey	-30,918	-42,316	-51,304	-67,216	-76,853	-67,751	-51,234	-31,690
New Mexico	4,552	4,335	4,938	6,958	7,822	5,940	-2,139	3,366
New York	-179,642	-187,893	-209,348	-247,727	-244,289	-184,808	-131,048	-98,178
North Carolina	44,281	47,735	44,574	73,070	123,558	120,063	104,228	59,108
North Dakota	-4,061	-1,417	939	-3,396	-1,903	-2,031	-786	1,375
Ohio	-37,629	-33,302	-37,859	-45,059	-44,306	-42,371	-46,491	-36,278
Oklahoma	1,197	-1,499	-4,257	-821	18,863	12,974	6,529	18,345
Oregon	23,375	11,554	2,347	22,777	35,599	28,389	23,483	16,173
Pennsylvania	-6,488	975	-3,353	-3,395	8,205	269	-6,422	1,346
Rhode Island	3,061	1,548	-5,682	-10,940	-10,502	-11,151	-7,498	-6,172
South Carolina	18,936	25,873	28,986	30,206	53,843	52,884	49,720	31,480
South Dakota	-1,372	395	1,839	62	2,206	2,625	1,392	1,619
Tennessee	11,617	20,809	23,925	41,944	55,804	44,867	28,467	20,605
Texas	45,694	29,694	31,835	53,210	232,616	129,966	131,171	143,423
Utah	-4,304	-8,194	-2,491	9,331	19,202	21,788	15,849	8,623
Vermont	1,475	540	51	-554	-156	-1,316	-1,236	-975
Virginia	30,295	40,908	20,785	28,559	7,521	-584	2,739	18,238
Washington	13,707	10,312	14,691	23,251	50,501	31,276	40,243	38,201
West Virginia	2,010	4,403	2,438	2,269	3,508	2,651	2,922	4,510
Wisconsin	6,340	727	1,768	-2,075	-4,663	-3,139	-6,532	-5,672
Wyoming	2,140	138	1,037	315	3,252	6,678	5,302	7,192

1. The District of Columbia, shown here, is not part of the analysis in this report.

Source: U.S. Census Bureau.

a net positive inflow of 3,614 persons! New York, while failing to achieve a positive inflow, saw its outmigration contract by approximately 60 percent, from -247,727 persons in 2005 to -98,178 persons in 2009. New Jersey's domestic outmigration fell from a decade's peak of -76,853 in 2006 to -31,690 in 2009, a decline of nearly 59 percent.

Conclusion

The Great Recession may turn out to be a major economic "game changer." It was a significant force in producing the lost employment decade—the first ten years of the new century—when the nation experienced a net loss of private-sector jobs. This was the first time since payroll employment statistics were first compiled in 1939 that America exited a decade with fewer private-sector jobs than when it began.[11] The nation's labor markets were dramatically altered, and new economic "normals" started to emerge.

But, the Great Recession and its harsh fiscal aftermath may also be causing a fundamental rethinking of the prevailing fiscal structures and practices of struggling state governments. Can basic political models first formulated in the nineteenth century deal with the imperatives of emerging twenty-first century economic models? Are the governmental programmatic assumptions and cost structures of the late twentieth century sustainable in the twenty-first century? To be competitive in the new global economy, do states have to undergo a fundamental rebooting and rebalancing? The answers to the first two questions are probably "No." The answer to the third question is a resounding "Yes!"

Most likely, strategies of "muddling through" and incremental change—while hoping and waiting for old normals to return—may not be viable options. Those states that can strategically respond to the emerging post-recession and post-crisis realities may have a distinct economic edge as the second decade of the new millennium unfolds. This takes on increased importance in the context of continued global uncertainties. For example, at the start of 2010, the possibility of a European fiscal crisis was not even a blip on most economists' radar screens. But, its emergence now challenges the assumption that a growing European economy, a strong euro, and a weak dollar would underpin a continued resurgence of manufacturing in the United States and growing exports. Now the European fiscal crisis poses a new challenge to a less-than-robust economic recovery in America, with the potential for increasing interstate competition for job growth on America's new economic landscape. Conversely, the United States has benefited from lower interest rates as European problems have led to a flight to the dollar.

The early 2010 assumption that rising mortgage interest rates during the year would slow the nation's housing recovery has now been shattered, at least in the short term, although that recovery is vulnerable to any general economic slowdown as federal monetary and fiscal support winds down. The likely continuation of such global and national economic surprises and twists adds urgency to states to get their fiscal, business climate, and economic houses in order if they are to be major players in an increasingly competitive global arena. The first states to do so will be poised to benefit from and lead new economic growth in a post-recession America. ■

11. Between December 1999 and December 2009, the nation lost 2.9 million private-sector jobs. To put this loss in perspective, during the preceding 10 years (December 1989–December 1999), the United States gained 19.3 million private-sector jobs.

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Absolute Level of Private-Sector Employment by U.S. Region and Division: 1992, 2000, 2003, 2006, 2007, 2009 (December[1])

(Based on seasonally adjusted data, in thousands)

Region and Division	December 1992	December 2000	December 2003	December 2006	December 2007	December 2009
United States[2,3]	**90,127**	**111,131**	**107,990**	**114,051**	**114,827**	**105,897**
Northeast[3]	**18,707**	**21,773**	**21,020**	**21,679**	**21,830**	**20,671**
New England	5,140	6,115	5,863	6,025	6,056	5,705
Middle Atlantic[3]	13,568	15,658	15,157	15,654	15,774	14,967
South	**30,067**	**38,308**	**37,521**	**40,279**	**40,634**	**37,545**
South Atlantic	15,720	20,286	19,991	21,601	21,580	19,632
East South Central	5,294	6,334	6,145	6,431	6,470	5,905
West South Central	9,053	11,688	11,386	12,247	12,584	12,008
Midwest	**22,983**	**27,282**	**26,181**	**26,840**	**26,906**	**24,771**
East North Central	16,158	19,014	18,107	18,375	18,375	16,714
West North Central	6,825	8,267	8,075	8,465	8,530	8,056
West	**18,370**	**23,768**	**23,267**	**25,254**	**25,458**	**22,910**
Mountain	4,936	7,152	7,152	8,083	8,182	7,349
Pacific	13,434	16,617	16,115	17,171	17,277	15,561

Notes: 1. Data reported are for December of each year indicated.
2. U.S. total is calculated as the sum of the four regions. This sum differs from the separately published national private payroll employment total.
3. Totals do not include the District of Columbia.

Source: U.S. Bureau of Labor Statistics.

Private-Sector Employment by U.S. Region and Division Numerical and Percentage Change (December to December[1]): 1992–2000; 2000–2003; 2003–2006; 2006–2007; 2007–2009

(Based on seasonally adjusted data, in thousands)

Region and Division	Change: 1992–2000		Change: 2000–2003		Change: 2003–2006		Change: 2006–2007		Change: 2007–2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
United States[2,3]	**21,004**	**23.3**	**–3,141**	**–2.8**	**6,062**	**5.6**	**776**	**0.7**	**–8,931**	**–7.8**
Northeast[3]	**3,066**	**16.4**	**–753**	**–3.5**	**659**	**3.1**	**151**	**0.7**	**–1,158**	**–5.3**
New England	975	19.0	–252	–4.1	162	2.8	32	0.5	–351	–5.8
Middle Atlantic[3]	2,091	15.4	–501	–3.2	497	3.3	120	0.8	–807	–5.1
South	**8,241**	**27.4**	**–787**	**–2.1**	**2,758**	**7.4**	**355**	**0.9**	**–3,089**	**–7.6**
South Atlantic	4,567	29.0	–295	–1.5	1,611	8.1	–21	–0.1	–1,948	–9.0
East South Central	1,040	19.6	–189	–3.0	286	4.7	39	0.6	–565	–8.7
West South Central	2,635	29.1	–302	–2.6	862	7.6	337	2.8	–577	–4.6
Midwest	**4,298**	**18.7**	**–1,100**	**–4.0**	**659**	**2.5**	**66**	**0.2**	**–2,135**	**–7.9**
East North Central	2,856	17.7	–908	–4.8	268	1.5	0	0.0	–1,661	–9.0
West North Central	1,442	21.1	–193	–2.3	390	4.8	65	0.8	–474	–5.6
West	**5,398**	**29.4**	**–501**	**–2.1**	**1,987**	**8.5**	**205**	**0.8**	**–2,548**	**–10.0**
Mountain	2,216	44.9	0	0.0	931	13.0	99	1.2	–833	–10.2
Pacific	3,183	23.7	–501	–3.0	1,056	6.6	106	0.6	–1,716	–9.9

Notes: 1. Data reported are for December of each year indicated.
2. U.S. total is calculated as the sum of the four regions. This sum differs from the separately published national private payroll employment total.
3. Totals do not include the District of Columbia.

Source: U.S. Bureau of Labor Statistics.

Appendix

Advance & Rutgers Report is published by the Edward J. Bloustein School of Planning and Public Policy with support from Advance Realty.

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