

University of New Mexico  
Bureau of Business and Economic Research



# The Economy and Drought, the 1950s and Today, NM and Las Cruces MSA (Dona Ana County)

Preliminary Results and Research under State Appropriation

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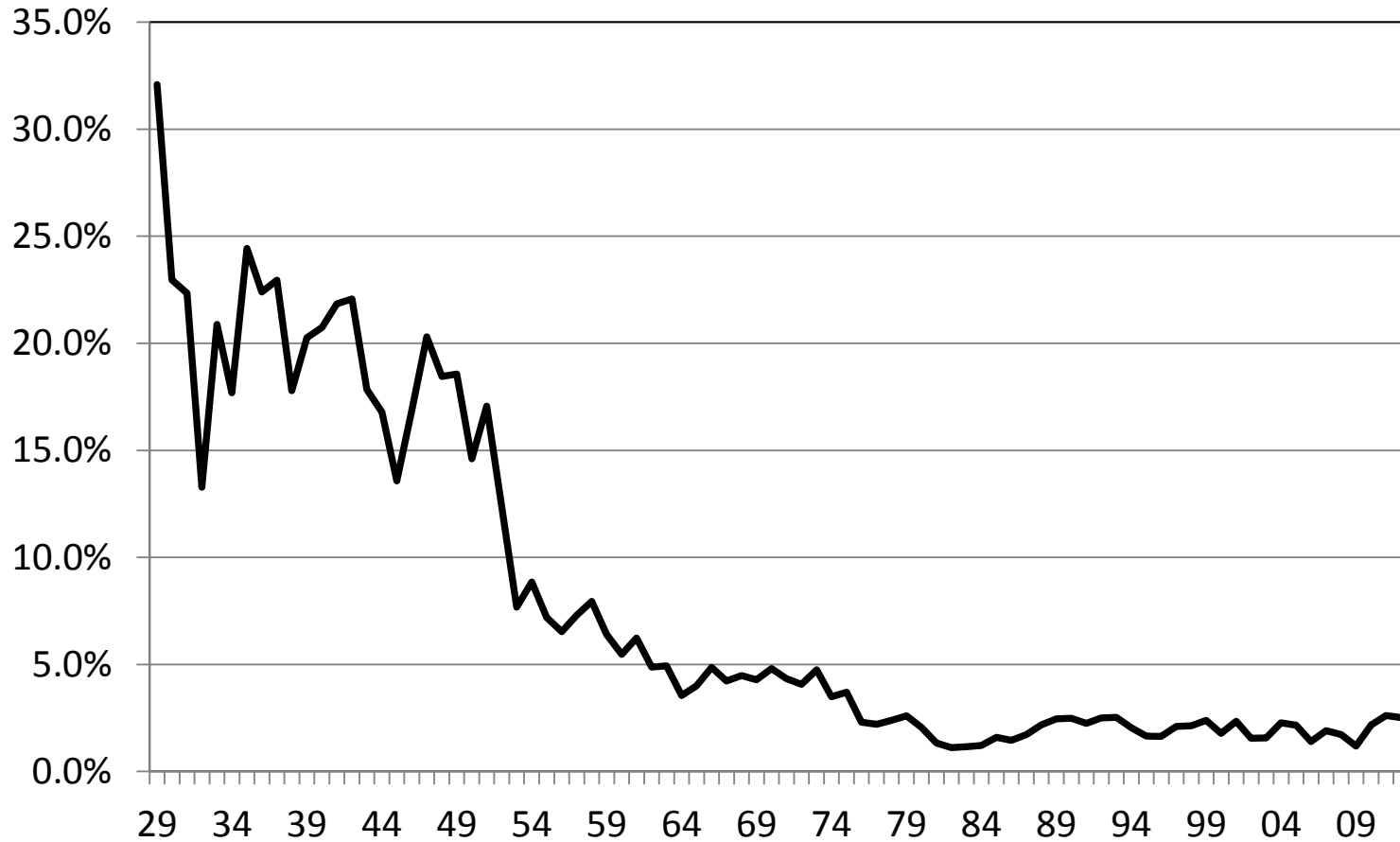
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# New Mexico Farm Sector

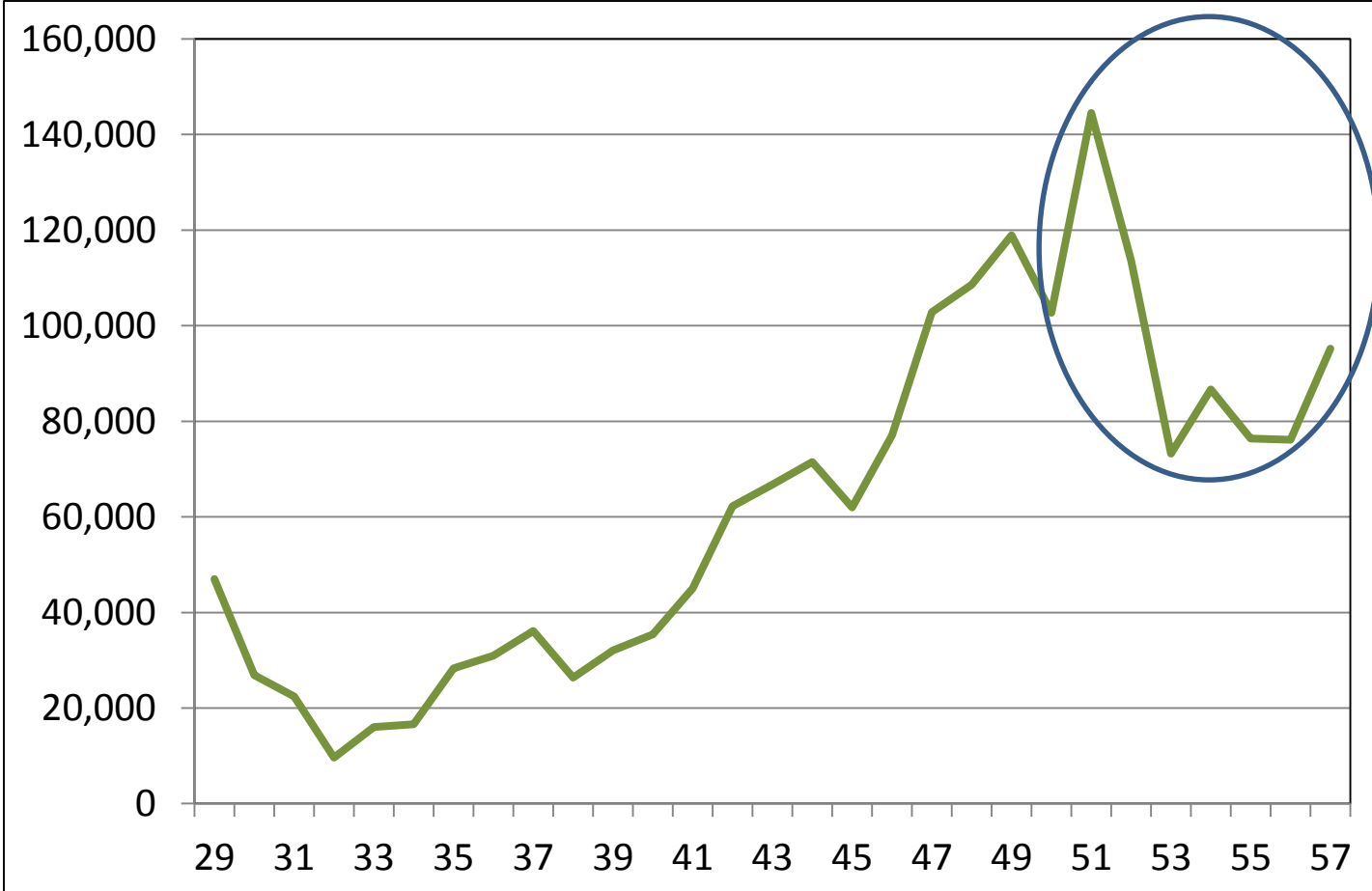
## New Mexico Farm Income as a % of Total Income



Source of Data: US Bureau of Economic Analysis

# The 1950's Drought and the Economy

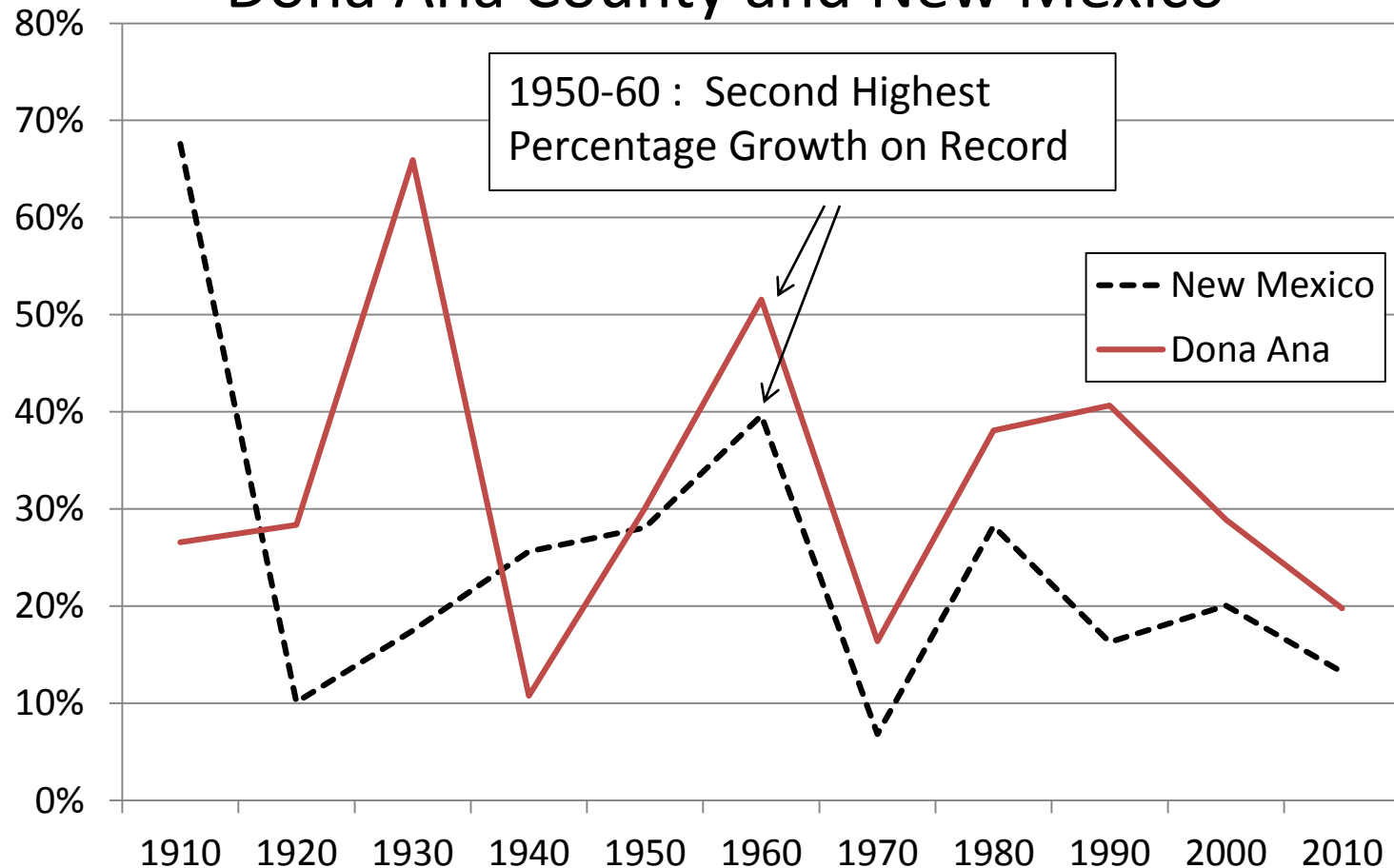
## New Mexico Farm Income (\$000s)



Source of Data: US Bureau of Economic Analysis

# The 1950's Drought and the Economy

## Population Growth (%) by Decade Dona Ana County and New Mexico



Source: US Bureau of the Census, Decennial Census, 1910 - 2010

# The 1950's Drought and the Economy

## Agricultural Workforce Shrinks , Rest of the Economy Takes Off

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	1950	1960	Change	
<b>New Mexico</b>				
Agricultural Labor Force	39,488	22,568	(16,920)	-43%
Employed in Agriculture	37,895	20,514	(17,381)	-46%
Non Ag Labor Force	178,595	282,148	103,553	58%
Total Non-Ag Employed	168,569	267,390	98,821	59%

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Source: Decennial Census 1960

# Current Drought and the Economy

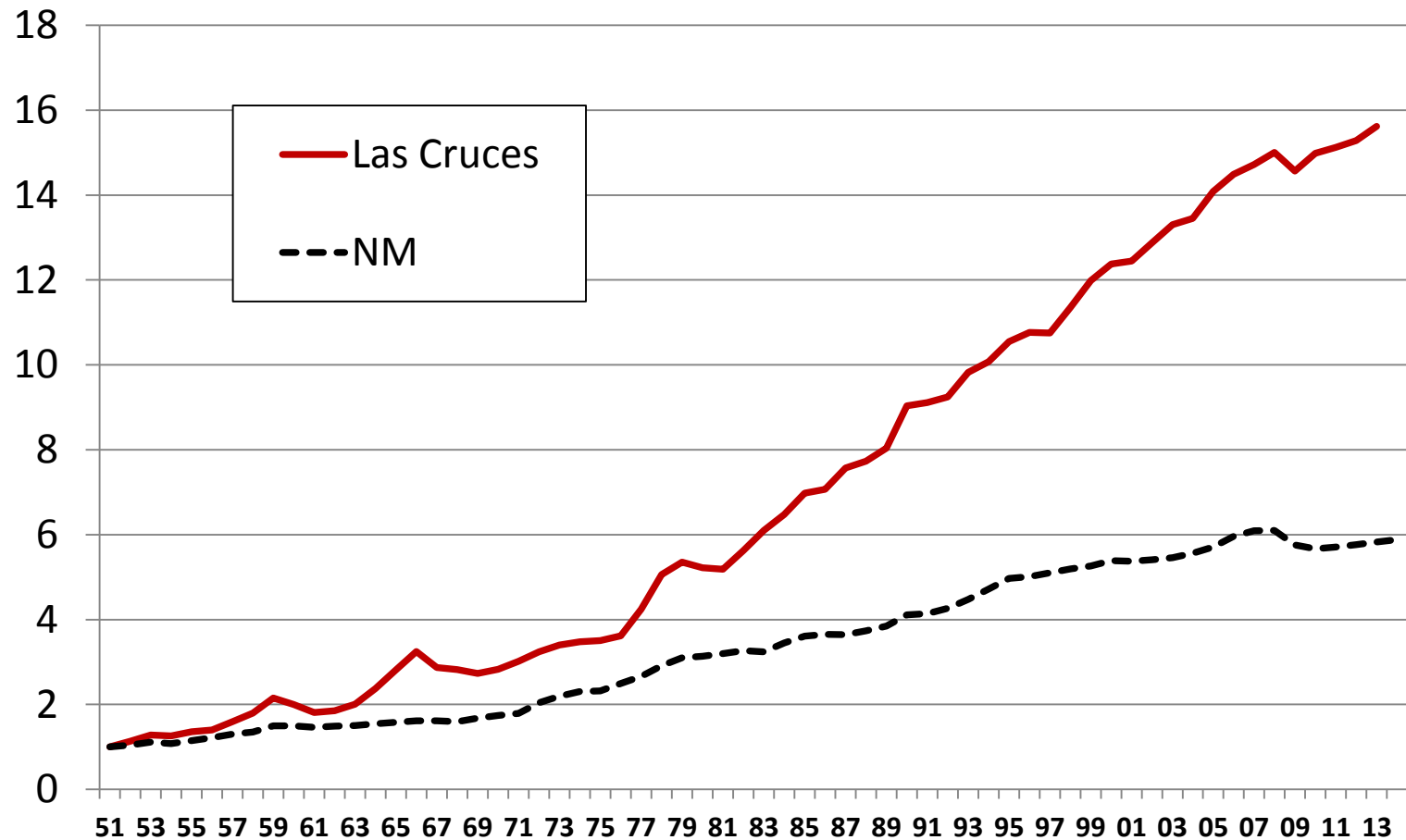
Farm Employment Grows in NM and Dona Ana Co. in both periods.  
 NM still trying to climb out of recession; DA growth accelerates.

	2008	2012	Change	
<b>New Mexico</b>				
Farm Employment	24,702	28,370	3,668	14.8%
Non-Farm Employment	1,083,167	1,039,387	(43,780)	-4.0%
<b>Dona Ana County</b>				
Farm Employment	2,980	3,274	294	9.9%
Non-Farm Employment	93,108	93,879	771	0.8%
	2012	2015	Change	
<b>New Mexico</b>				
Farm Employment	28,370	28,772	402	1.4%
Non-Farm Employment	1,039,387	1,067,177	27,790	2.7%
<b>Dona Ana County</b>				
Farm Employment	3,274	3,353	79	2.4%
Non-Farm Employment	93,879	96,862	2,983	3.2%

# The Economy Since the 1950's

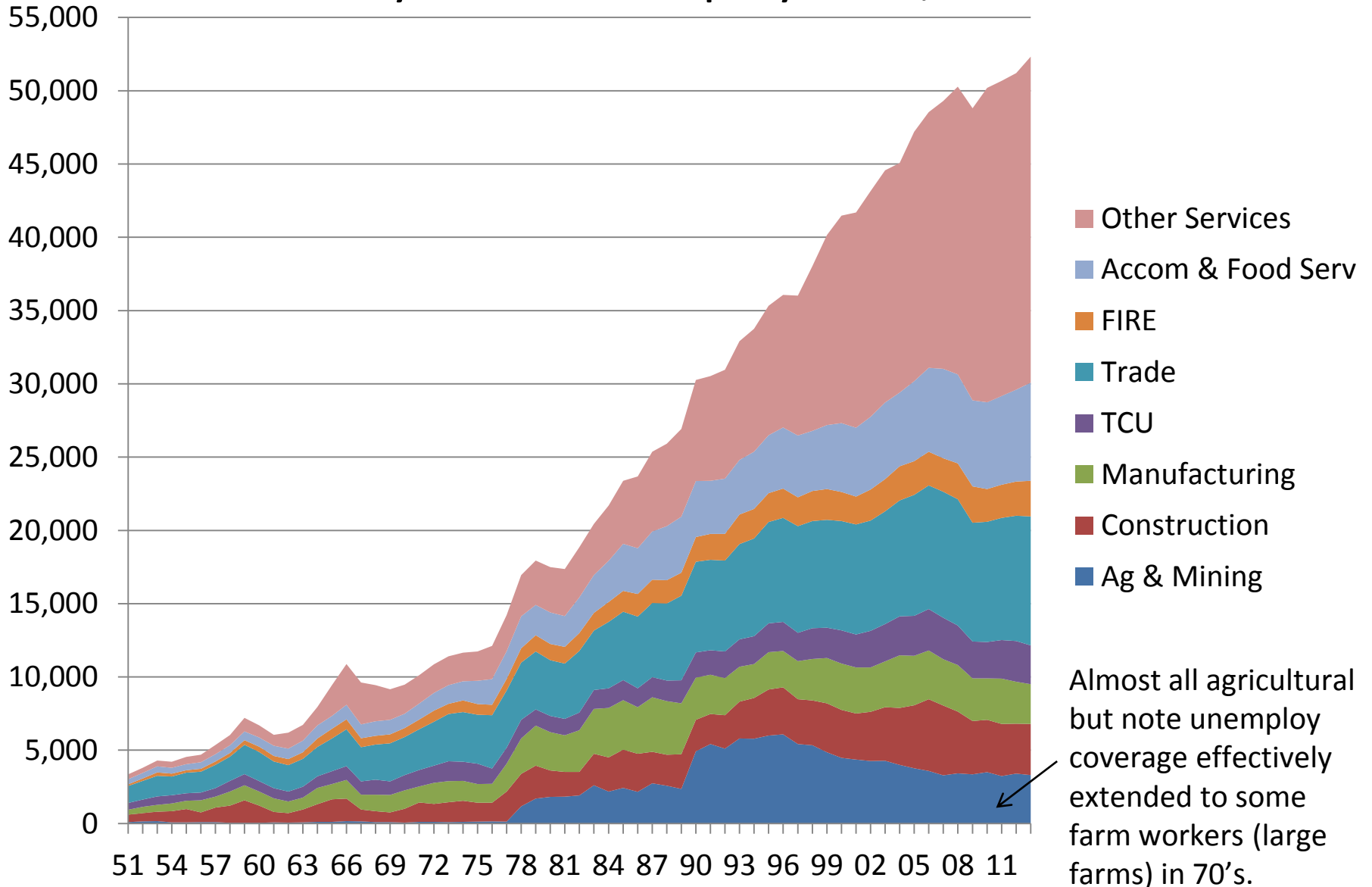
Total Private Sector Employment Indexed to 1951

Las Cruces MSA (Dona Ana Co) Consistently Out-Performs NM



Source: Quarterly Census of Employment and Wages

# Las Cruces MSA, Composition of Private Sector Wage and Salary Covered Employment, 1951 to 2013



Source: Quarterly Census of Employment and Wages



# Dona Ana County's Relatively Consistent Economic Performance

- Economy has diversified. Agriculture still important but the overall growth in the economy reflects growth in other sectors, particularly trade, accommodation and food services and other services.
- Key has been the development of activity at the port at Santa Teresa. Now have 60 companies in industrial parks there. Union Pacific chose to put a major railroad hub there.
- The Las Cruces MSA (Dona Ana Co.) just eclipsed Albuquerque as the major exporting area in New Mexico: almost \$1.6 b in exports vs \$1 b.
- Population growth in Dona Ana County was 20% between 2000 and 2010. Recession slowed growth after 2010 but UNM GPS expects acceleration after 2015.
- Of course, future performance will depend on water. And it will depend upon trade. Las Cruces economy is vulnerable not just to water but to Trump, who wants to build a wall between the US and Mexico.

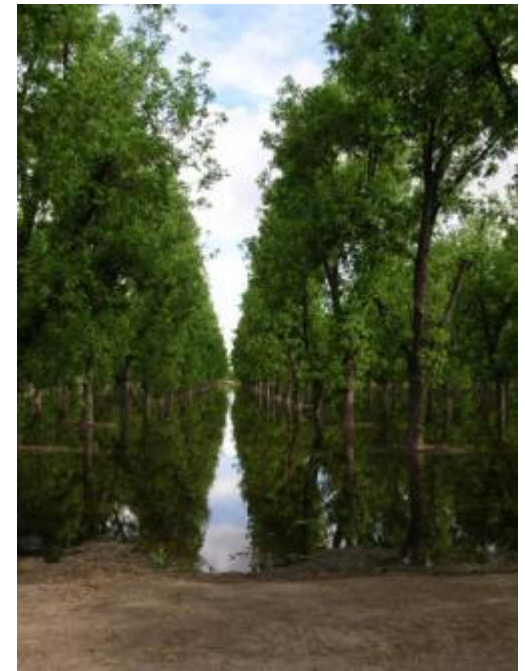
# Dona Ana County's Relatively Consistent Economic Performance: Agriculture

Agriculture still important, particularly pecans. In 2015, NM produced 73 million pounds of pecans, with a market value of \$182.5 million, amounts that were exceeded only by Georgia.

NM sales were 35% of total US, up from about 20% earlier. Seventy percent of the acreage for pecan trees in NM is in Dona Ana County.

Growing importance of trees rather than crops has implications

- During drought farmers can leave fields fallow. Trees, however, are a major investment that require water to survive -- much less flexibility.
- The growth of the pecan industry in particular is associated with increased ground-water pumping.



Source: Don Blayney and Paul Guttierrez, **Economic Importance of the Pecan Industry**, NMSU College of Agricultural, Consumer and Environmental Sciences, 2017 updated from original by Tom Clevenger, Mark Blake , subsequently revised by Esteban Herrera.

# Current Drought and the Economy

At least in Dona Ana County, agricultural activity supported by very large groundwater diversions 2011- 2013

Groundwater Diversions per OSE					CLC % of Total	CLC % of Total	CLC % of Total	CLC % of Total
Sector	2010	2011	2012	2013	2010	2011	2012	2013
Dairy/Agriculture/All Livestock	2,066	2,037	2,632	1,638				
Com/Indus/Man/Const/Utility/Subdivision	4,495	5,387	10,307	6,634				
Domestic/Sanitary/MH Parks/Assorted	918	1,798	1,309	2,095				
Municipal/Mutual Dom/School	15,177	15,368	20,503	13,835				
City of Las Cruces	20,236	21,650	20,657	19,758	11.06%	6.60%	6.39%	5.94%
Irrigation	137,630	279,368	265,321	286,050				
Est Unmetered Dom/Sanitary/Livestock	2,400	2,400	2,400	2,400				
Totals	182,922	328,008	323,129	332,410				

Note: 2010 metering order enforcement by OSE and may not include all GW diversions by irrigators

Table provided by Adrienne Widmer, Las Cruces Utilities