

Title: What is holding Missouri back?

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What is holding Missouri back?

By *Rik W. Hafer*

Cities are places where diverse groups of people cluster, their ideas feeding off one another to create innovations that often change our lives in dramatic ways. It is not surprising that a very large body of research has found that cities are the engines of economic growth. Except in Missouri.

A recent report sheds light on the economic success of Missouri's two major metro areas. The Brookings Institution's Metro Monitor for 2021 compares the performance of 192 metropolitan areas across the country across a number of economic and social measures. It uses data for the period 2009 to 2019.

Coming out of the Great Recession, which ended in 2009, the U.S. experienced one of its longest, uninterrupted periods of economic expansion. By year's-end 2019, prior to the pandemic's devastating effects, the unemployment rate had fallen to levels not seen in 60 years. Economic activity, measured using real gross domestic product (GDP) had been growing for a decade.

In this environment of overall economic expansion, how did Missouri's two major metropolitan areas—St. Louis and Kansas City—fare relative to similarly-sized metro areas? Were they growth engines that pulled the rest of the Missouri economy to new heights?

The Brookings study is wide-ranging, so I will focus on a few key economic measures. In terms of overall economic progress, the St. Louis metropolitan area, which includes counties in both Missouri and

Illinois, ranked 44th out of the 53 large metro areas (those with populations greater than one million) to which it was compared. The Kansas City metro area, which includes counties in Missouri and Kansas, ranked 36th. Better, but solidly in the lower half.

Breaking down the numbers, St. Louis does quite poorly in the areas that constitute the overall growth category. The increase in St. Louis's gross metropolitan product or GMP (the metro equivalent of

GDP) over 2009-2019 ranks it 48th out of 53. In terms of jobs created, 42nd. St. Louis ranks 44th when considering improvement in

productivity, a measure often used as a gauge of future economic prosperity. I could go on, but I think you get the picture.

Kansas City does better, but not by much. Its overall growth record for the past decade lands it at 39th. On the jobs creation front, Kansas City ranks 34th, and it comes in at 33rd in terms of changes in productivity. Kansas City's economic performance over the past decade might be wished for by St. Louis policy makers, even though it is in the lower half of the other 53 large metro areas.

To put these rankings into some perspective, Kansas City and St. Louis, like most other cities, are being bested by hot spots like Austin or Charlotte. But Missouri's large metro areas also are lagging behind cities like Cincinnati and Detroit.

You might be asking yourself: "So what if St. Louis and Kansas City

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aren't doing so well. That doesn't affect me out here in rural Missouri." Such thinking, though common, is misguided.

Metro areas today constitute a significant part of the economy. The 192 metro areas in the Brookings re-

port account for 78 percent of the country's population and 84 percent of national output. The percentages are similar for Missouri, meaning that what happens in the two largest metro areas affects the rest of the state. For example, one study found that tax policy in St. Louis not only reduced job growth in the metro area, but also produced significant job loss in outstate regions.

Healthy metropolitan economies can improve their states overall economic circumstances. When these engines of economic growth sputter, as St. Louis and Kansas City have, they keep the state from realizing its potential.

Missouri's policymakers must recognize that urban and rural interests are closely linked. Until that happens, Missouri will continue to lag other states, its citizens enjoying little improvement in their prosperity.

EDITOR'S NOTE: Rik W. Hafer is a professor of economics and director of the Center for Economics and the Environment at the Hammond Institute for Free Enterprise at Lindenwood University in St. Charles, Mo.