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# New Mexico Economy: Review and Outlook

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NEW MEXICO ECONOMY:  
REVIEW AND OUTLOOK

Presentation at a Conference on the Southwest  
Economy, "The 1990s a Different Decade"  
Sponsored by the Federal Reserve Bank of Dallas,  
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## NEW MEXICO SUMMARY

- New Mexico has an economically small and relatively poor regional economy.
  
- The federal government is the leading economic sector. New Mexico also has a diversified mining industry (oil, natural gas, coal, copper, potash, molybdenum, and uranium), significant tourism (recreation, arts and crafts, Native American and Hispanic cultures), and a small manufacturing base (only 7 percent of total employment).
  
- New Mexico's economy performed poorly in the 1980s because of the collapse of its mining industries. Current economic growth, however, has climbed back to the national average, led by strong expansion in manufacturing and tourism.
  
- The Albuquerque MSA accounts for 43.5 percent of total state employment and, until recently, the city's economy has outperformed the state. The current slowdown in Albuquerque's growth can be traced to an on-going correction in the construction sector, weak manufacturing and a slowdown in federal defense spending within the city.
  
- In the short run New Mexico's economy is expected to grow at the national average. In 1990 nonagricultural employment growth is projected at 2.2 percent, while state personal income will increase 6.8 percent.
  
- In the long run New Mexico's future is clouded by an overreliance on defense spending and mineral extraction as well as a small manufacturing sector.

NEW MEXICO STATISTICAL OVERVIEW

Population	1.507 Million	As of July 1, 1988; 1.75% population growth in 1980s.
Nonag Employment	540,400	1988; employment growth 1.89% in 1980s.
Unemployment Rate	7.1%	1st Half 1989
Personal Income	\$20.008 Billion	1st Quarter 1989
Per Capita Income	\$12,488	1988; 45th among 50 states; 76% of U.S. average

NEW MEXICO AND UNITED STATES NONAGRICULTURAL EMPLOYMENT BY SECTOR  
1981, 1988

(in 000s)

Sector	NEW MEXICO		UNITED STATES 1988
	1981	1988	
TRADE	105.983	130.375	25,350.0
% TOTAL	22.3%	24.1%	23.9%
SERVICES	94.142	127.917	25,460.0
% TOTAL	19.8%	23.7%	24.0%
GOVERNMENT	125.833	140.800	17,390.0
% TOTAL	26.5%	26.1%	16.4%
MANUFACTURING	34.333	39.883	19,540.0
% TOTAL	7.2%	7.4%	18.4%
MINING	31.200	15.358	730.0
% TOTAL	6.6%	2.8%	0.7%
CONSTRUCTION	33.258	30.192	5,290.0
% TOTAL	7.0%	5.6%	5.0%
TRAN/COMM/UTIL	29.208	28.850	5,580.0
% TOTAL	6.1%	5.3%	5.3%
FINANCE	21.508	27.017	6,680.0
% TOTAL	4.5%	5.0%	6.3%
TOTAL	475.465	540.392	106,000.0

Source: New Mexico Department of Labor and U.S. Department of Labor.

## THE FEDERAL GOVERNMENT AND THE NEW MEXICO ECONOMY

Military Employment <sup>1</sup>	22,717
Federal Civilian Employment	
-Defense Related	10,200
-Non-defense Related	20,200
Private Defense Contractors	
-Sandia National Laboratory (service sector)	7,503
-Los Alamos National Laboratory (state government sector)	8,000
-Honeywell, Inc. (manufacturing sector)	2,600
-BDM Corporation (service sector)	850
-Other on Defense Installations	7,268
TOTAL FEDERAL-RELATED EMPLOYMENT	79,338
As % New Mexico Total Employment <sup>2</sup>	14.4

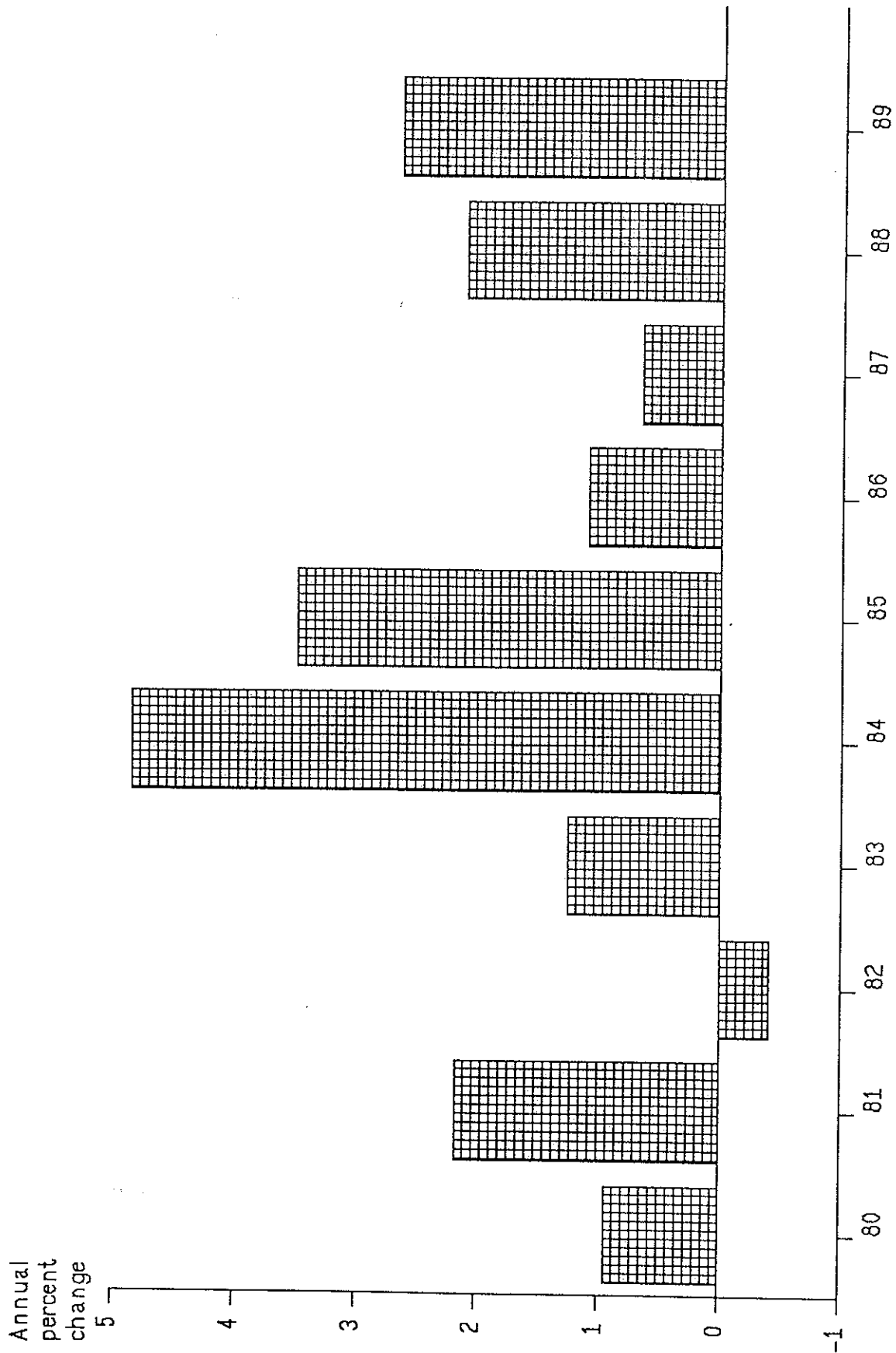
As of June 1988

1 Includes active duty, national guard and reserves according to U.S. Bureau of Economic Analysis, estimate for 1986.

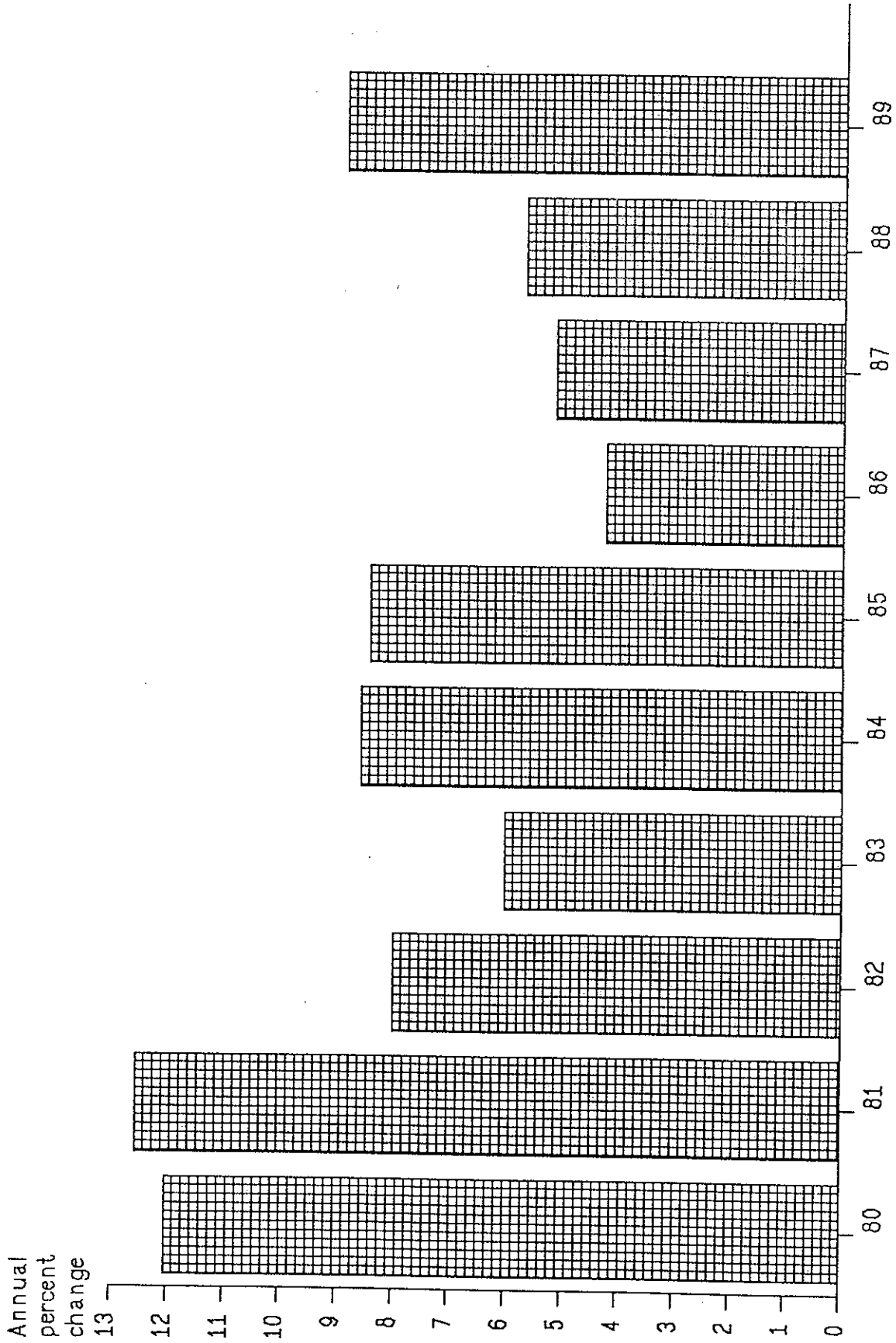
2 Includes Military employment.

Source: The Social and Economic Impact of the Department of Energy on the State of New Mexico, 1987 FY, selected resource impact statements from New Mexico's major defense installations and Bureau of Business and Economic Research, University of New Mexico.

# NEW MEXICO NONAGRICULTURAL EMPLOYMENT PERCENT CHANGE, 1980-1989

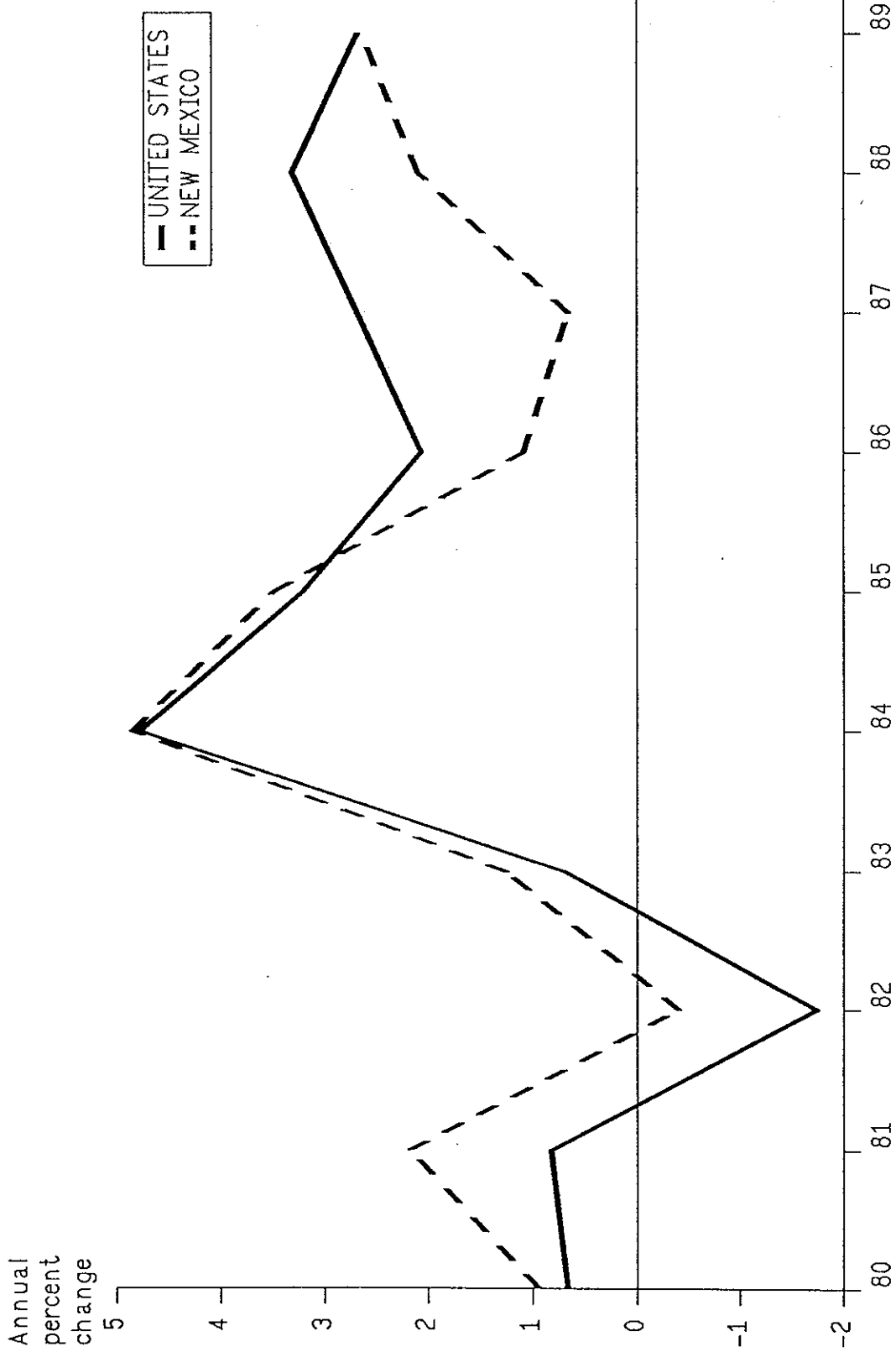


# NEW MEXICO PERSONAL INCOME PERCENT CHANGE, 1980-1989





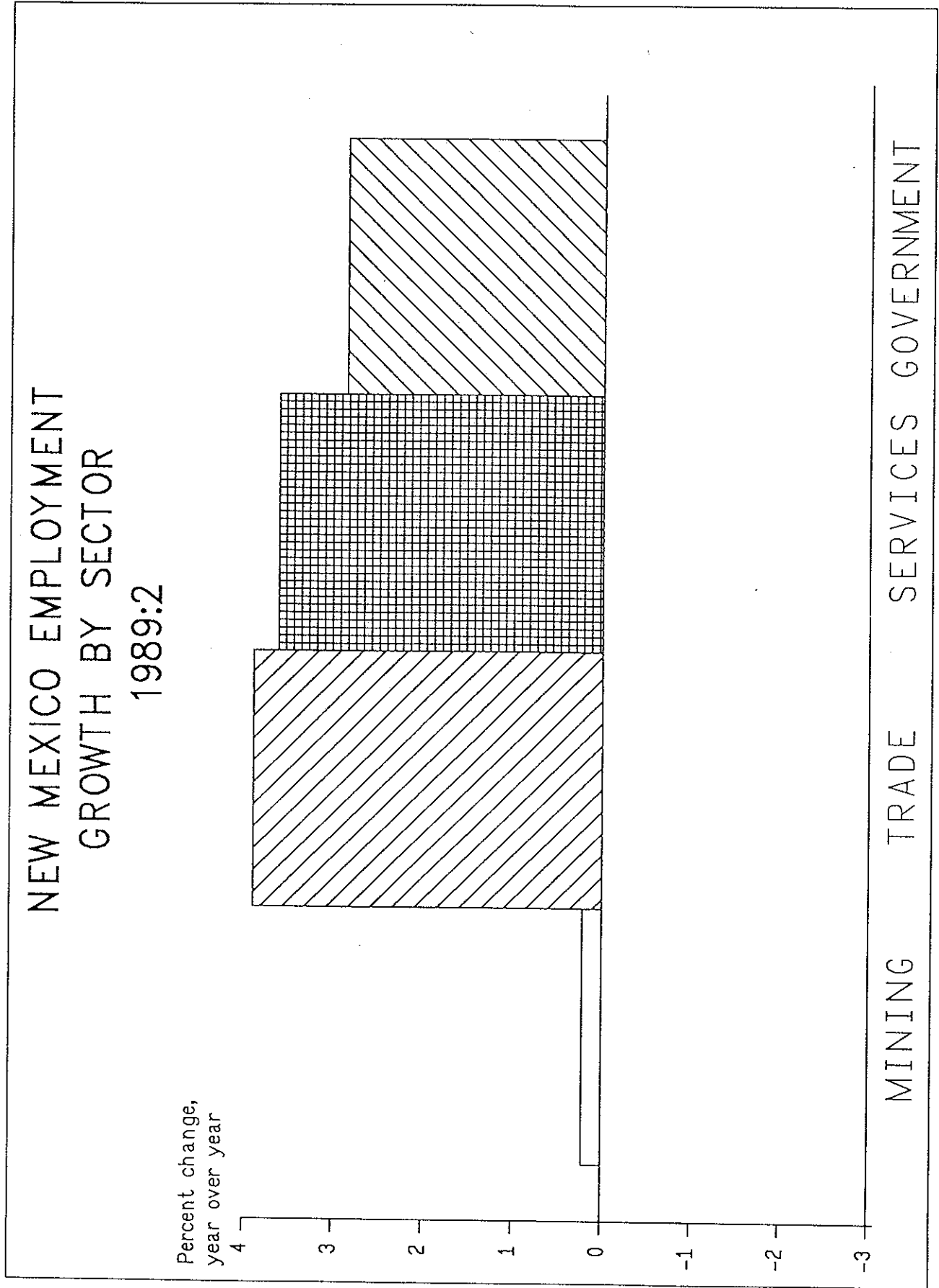
# EMPLOYMENT GROWTH UNITED STATES AND NEW MEXICO 1980 - 1989



NEW MEXICO AND U.S. EMPLOYMENT GROWTH RATES\*  
1950-1989

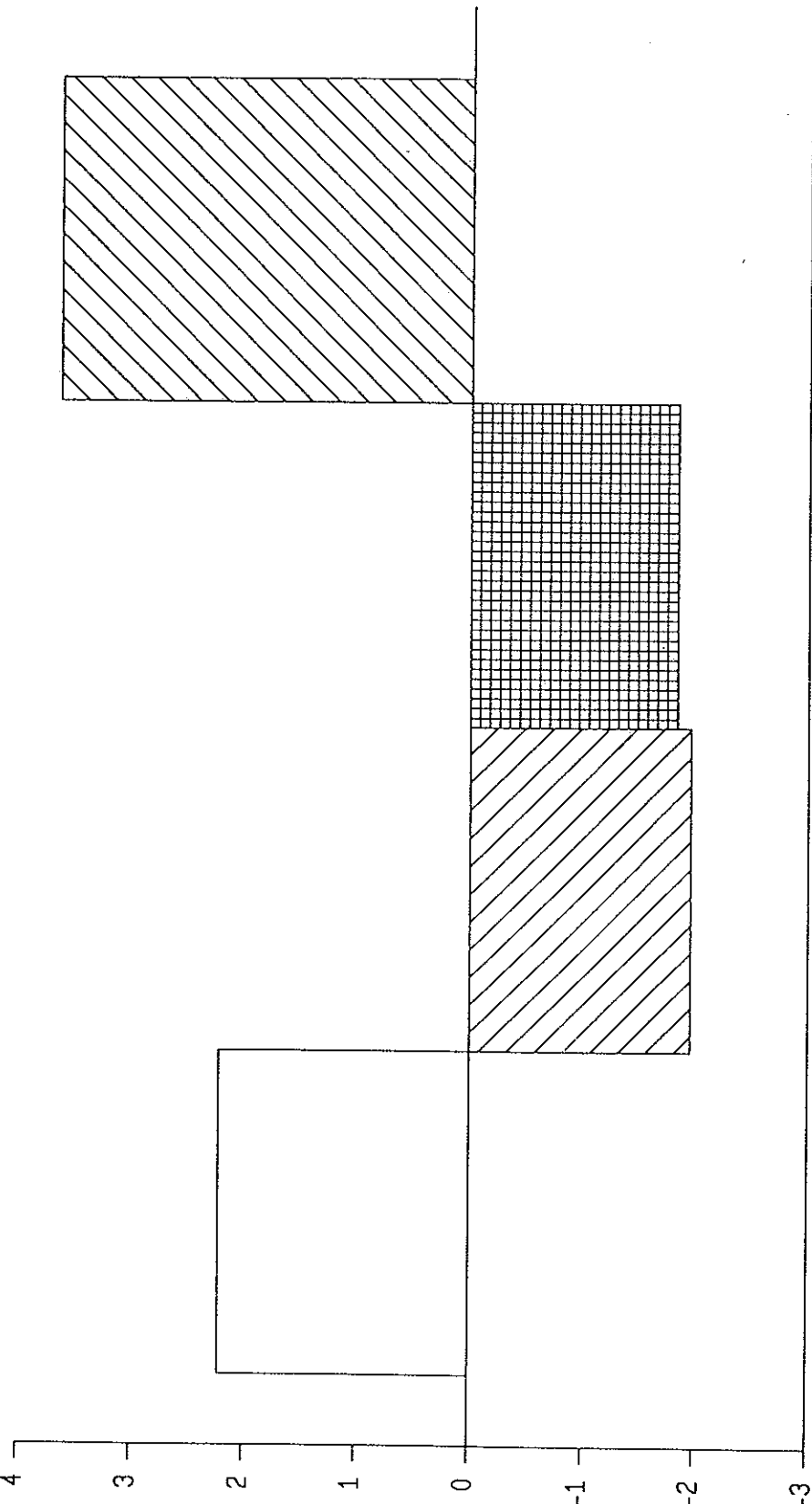
<u>Time Period</u>	<u>NEW MEXICO</u>	<u>United States</u>
1950-1960	4.54%	1.83%
1960-1970	2.20	2.72
1970-1980	4.75	2.46
1980-1989	1.89	2.10

Source: U.S. Department of Labor and N.M. Department of Labor.  
\* Compound annual rates of change



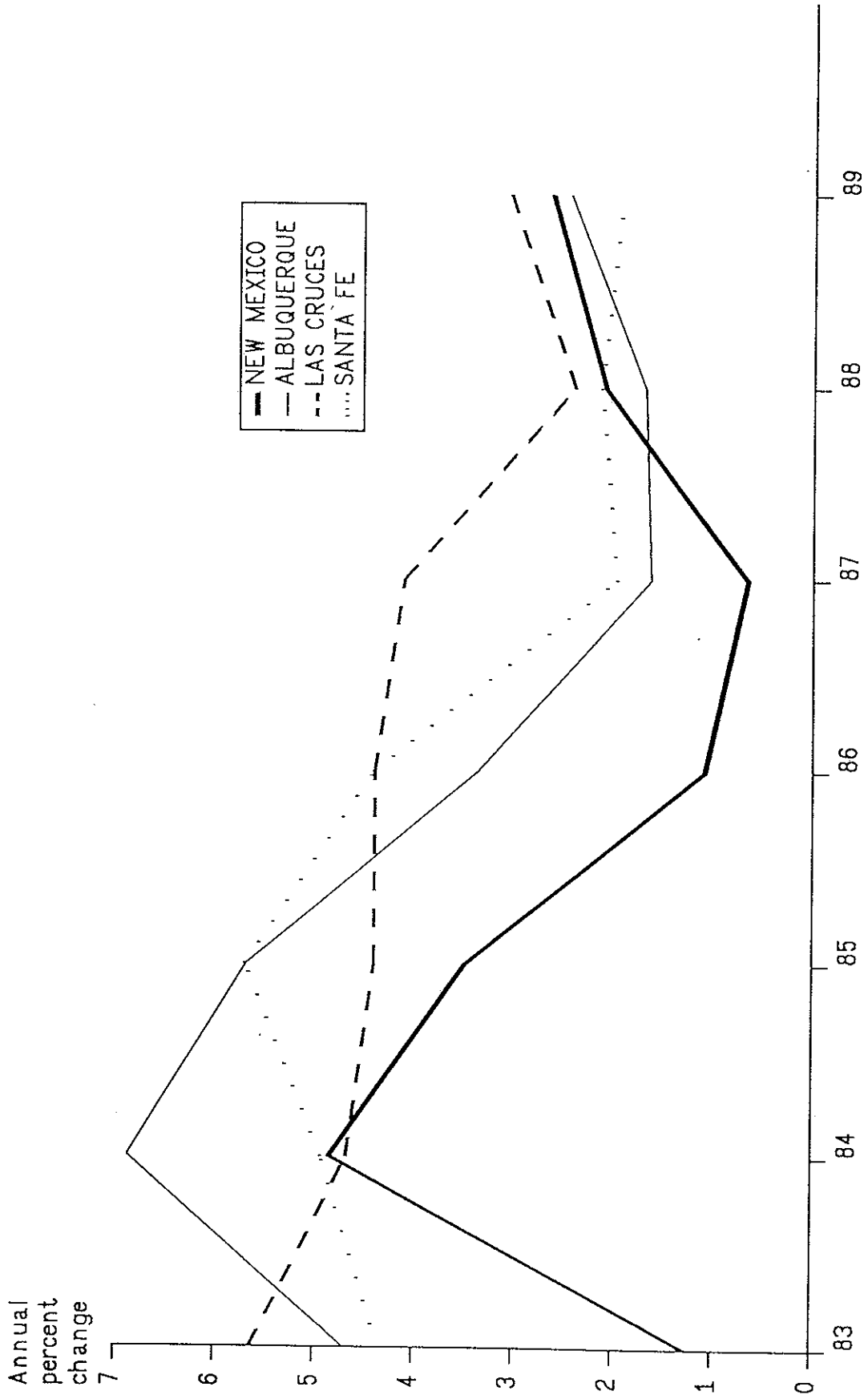
# NEW MEXICO EMPLOYMENT GROWTH BY SECTOR 1989:2

Percent change,  
year over year



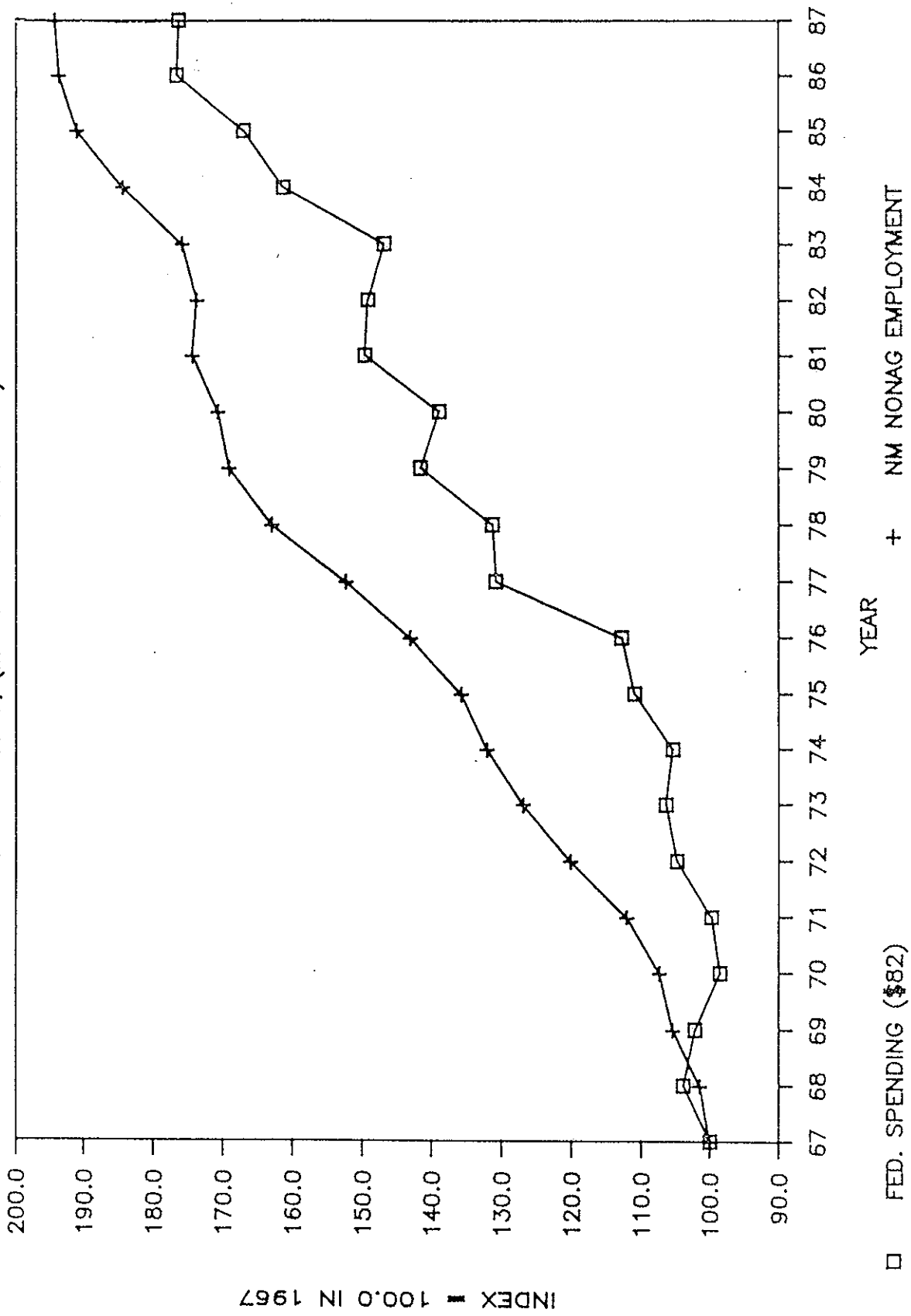
FIRE    CONSTRUCTION    TCU    MANUFACTURING

# EMPLOYMENT GROWTH NEW MEXICO AND METRO AREAS 1983 - 1989



# NM EMPLOYMENT AND FEDERAL SPENDING

1967 - 1987, (Index = 100.0 in 1967)



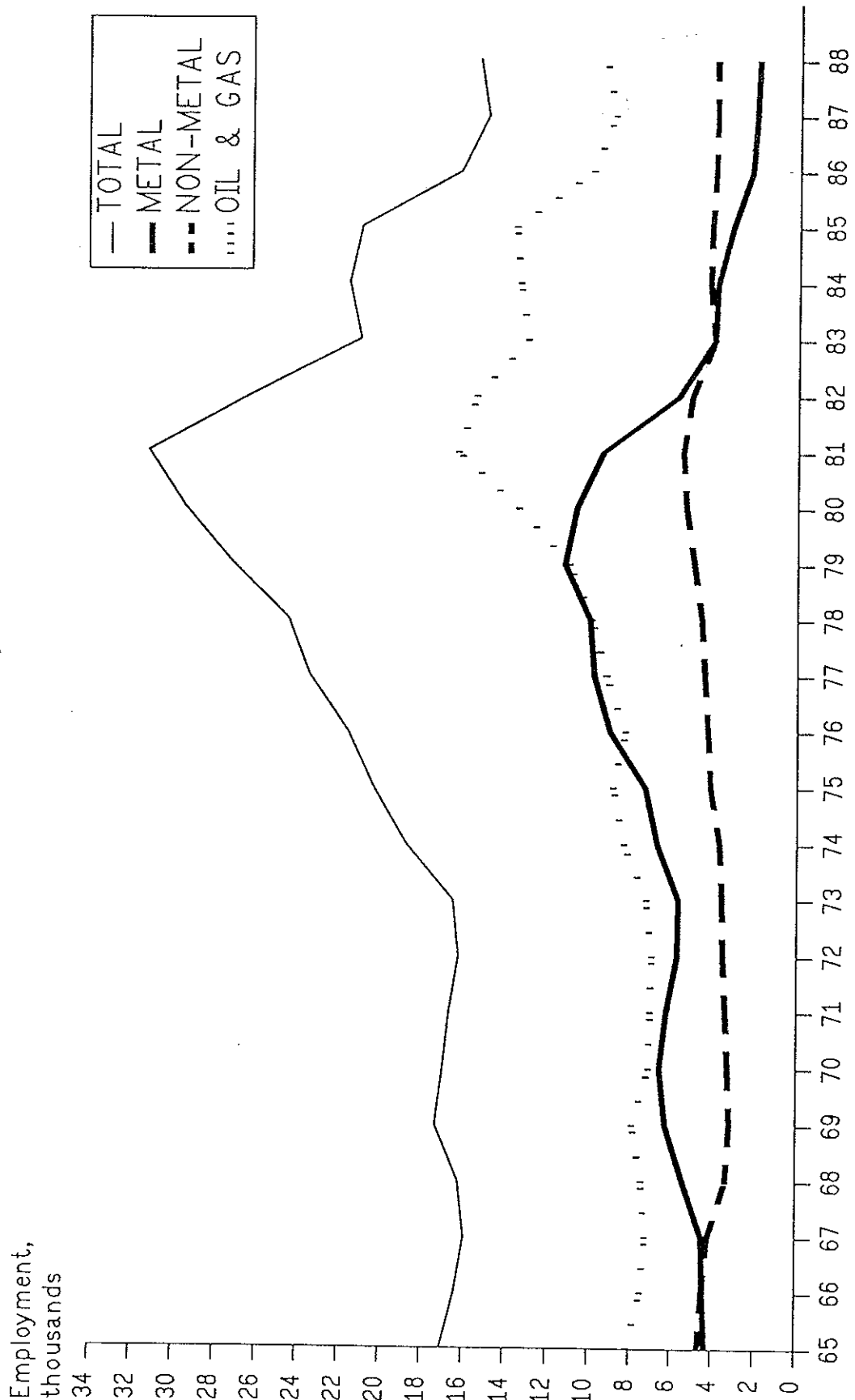
□ FED. SPENDING (\$82)      + NM NONAG EMPLOYMENT

INDEX = 100.0 IN 1967

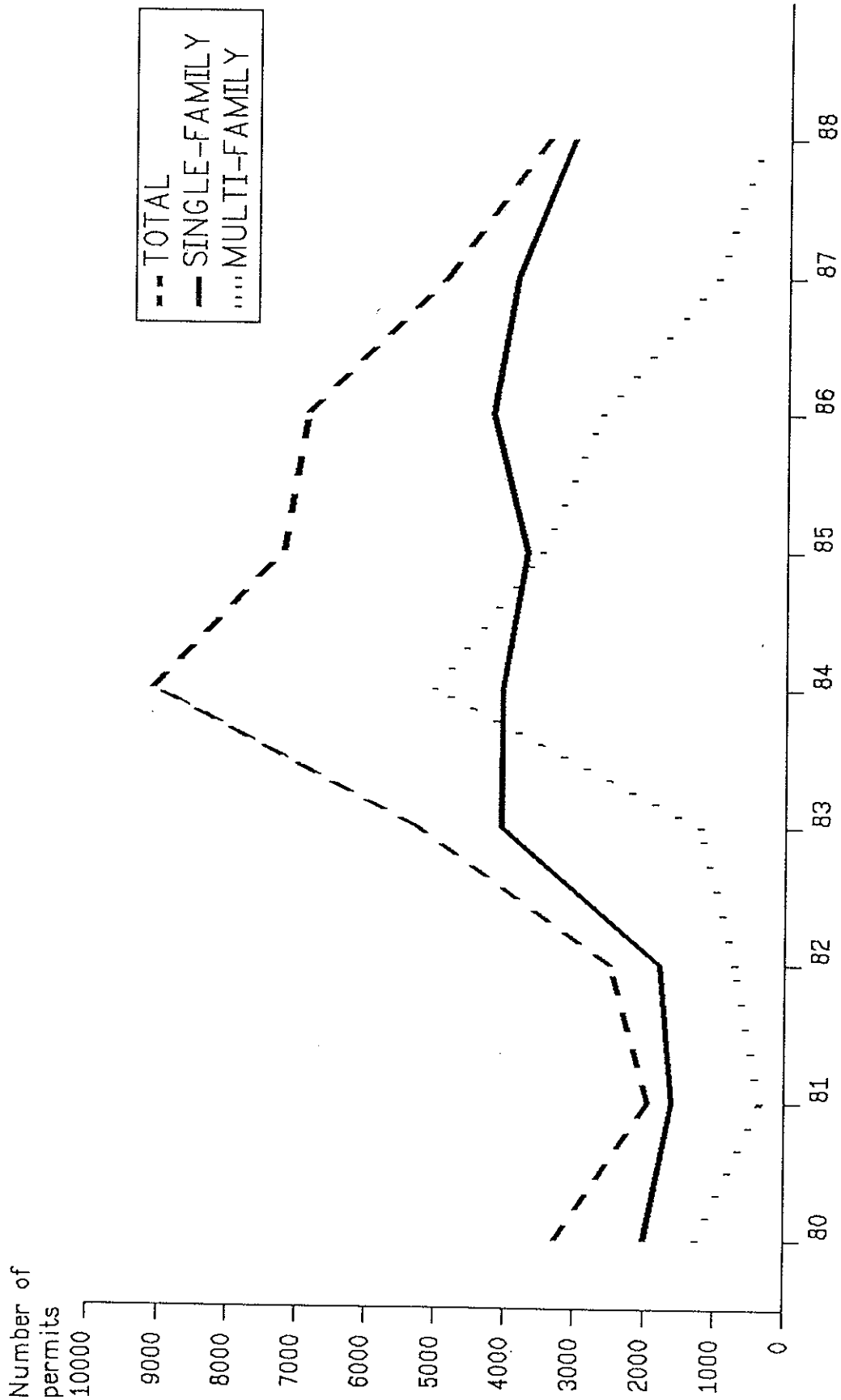
# NEW MEXICO MINING EMPLOYMENT

## 1965 - 1988

### METAL, NON-METAL, AND OIL & GAS



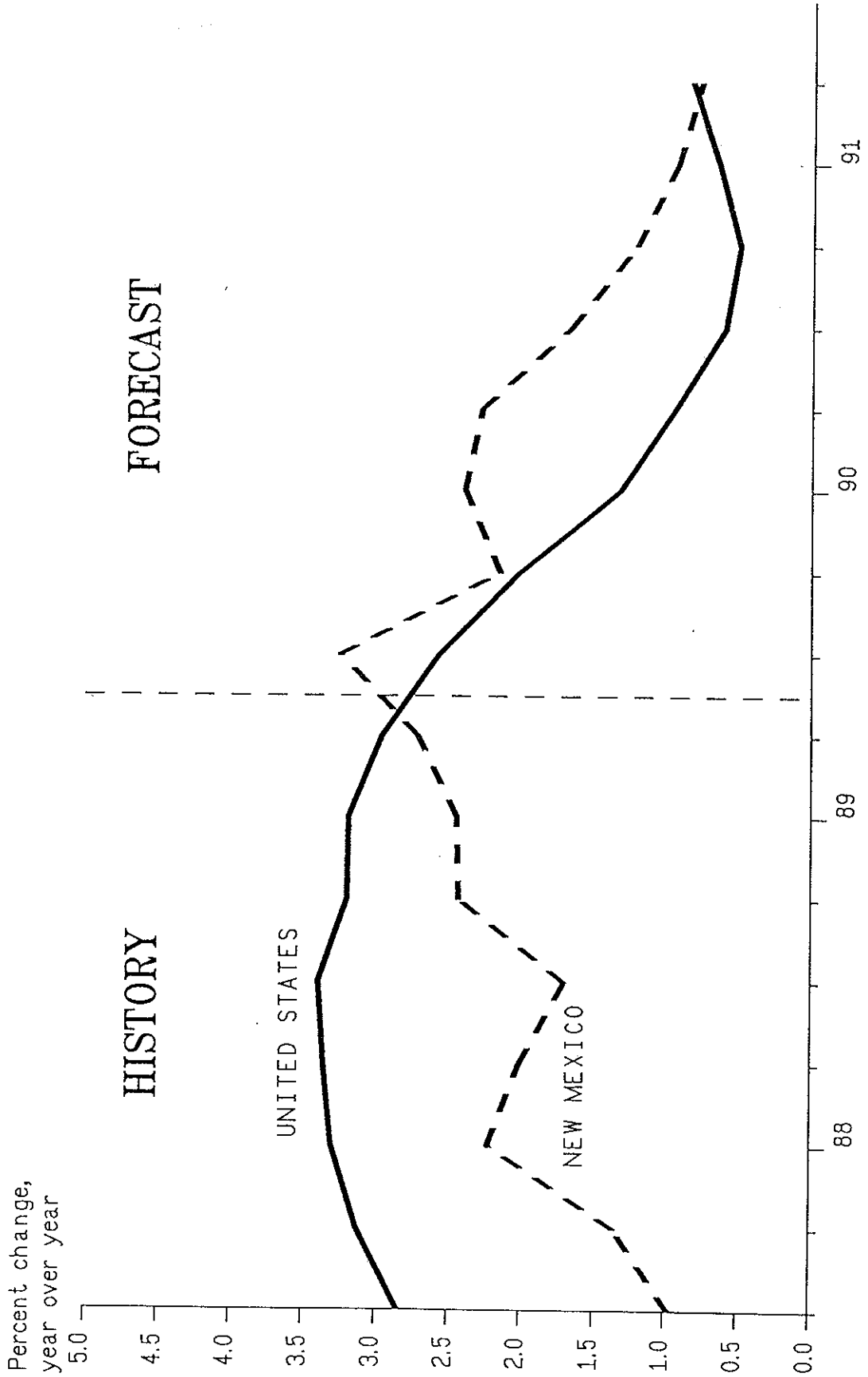
# ALBUQUERQUE STUDY AREA HOUSING PERMITS 1980-1988



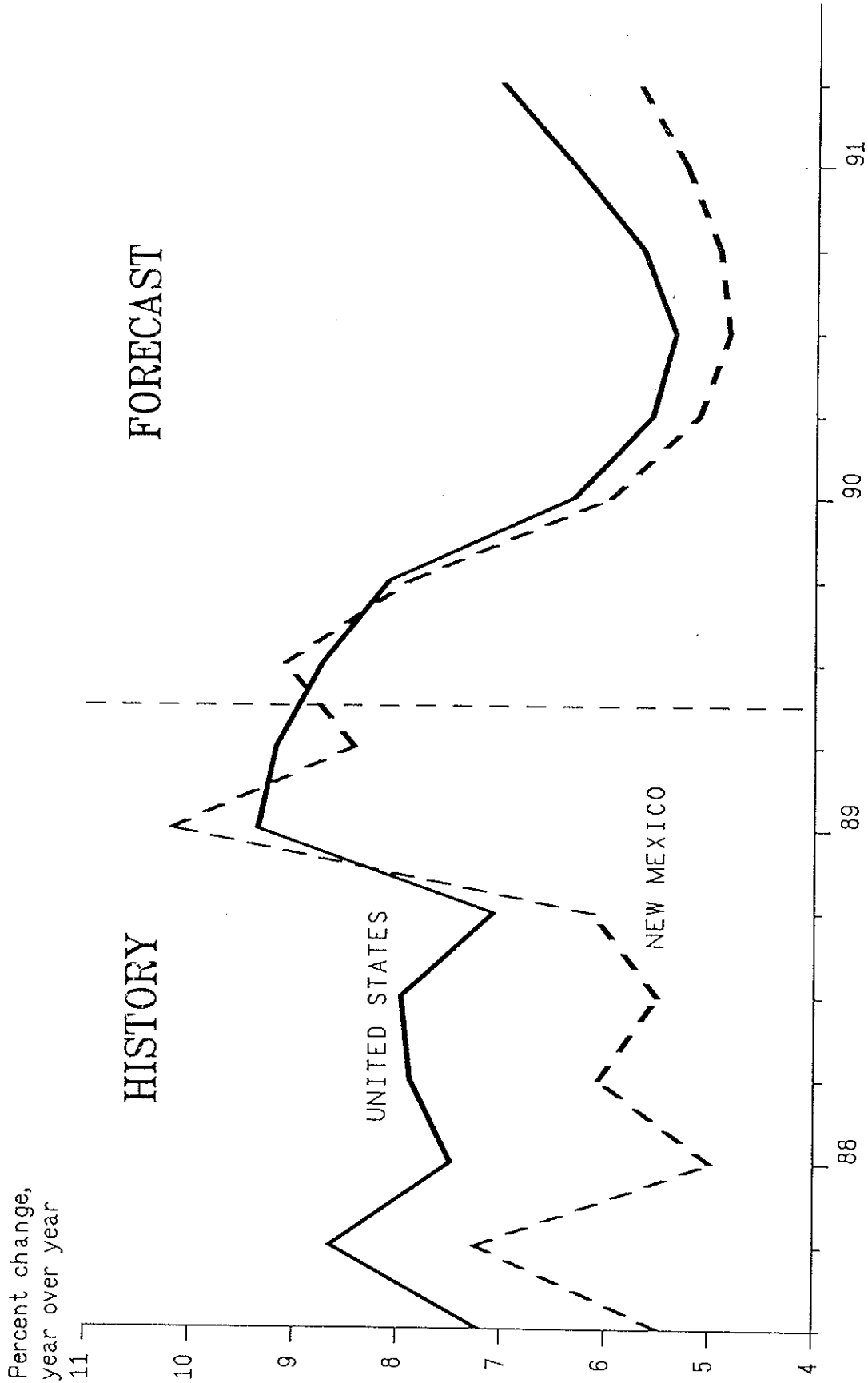
Source: Socioeconomic Projections for Albuquerque, 1980-2000  
City of Albuquerque, Planning Department, July, 1989



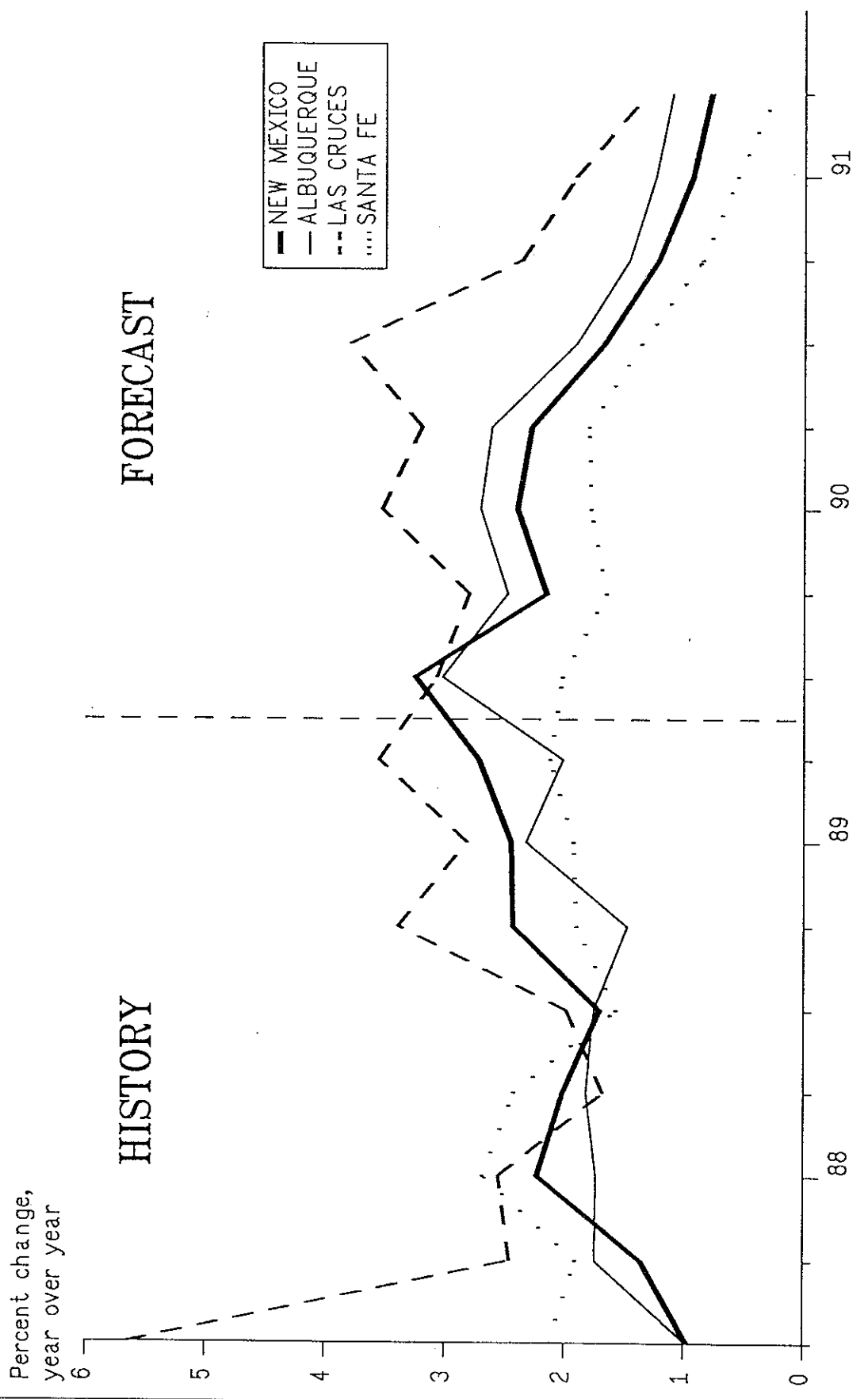
# EMPLOYMENT GROWTH UNITED STATES AND NEW MEXICO 1987:3 - 1991:2



# PERSONAL INCOME GROWTH UNITED STATES AND NEW MEXICO 1987:3 - 1991:2



# EMPLOYMENT GROWTH NEW MEXICO AND METRO AREAS 1987:3 - 1991:2



HISTORY

FORECAST

- NEW MEXICO
- ALBUQUERQUE
- - LAS CRUCES
- .... SANTA FE

Percent change,  
Year over year

88 89 90 91