

# **Finding Opportunity In Demographic Change**

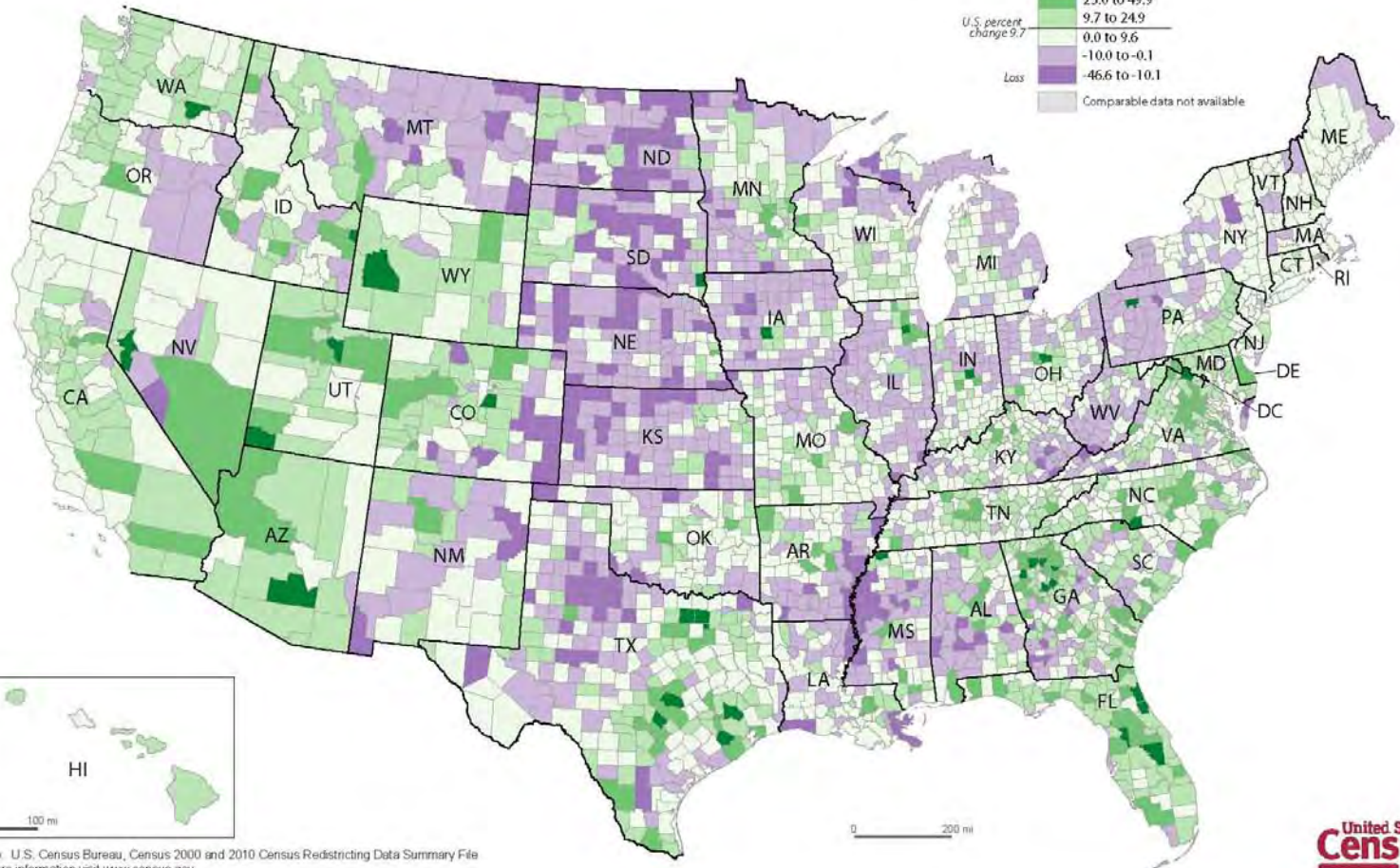
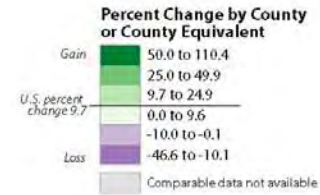
**Tom Gillaspay, PhD  
Gillaspay Demographics  
June 2012**

# The Demographic History Of The U.S. After World War II

- Roller coaster births leading to dramatic differences in generation sizes
- Rapidly expanding workforce (youth and women)
- Outward expansion into new suburban areas with central city and rural decline
- Growth of the sunbelt at the expense of the Northeast and Midwest
- Increasing diversity across many dimensions

# 2010 Census Results - United States

## Percent Change in Population: 2000 to 2010

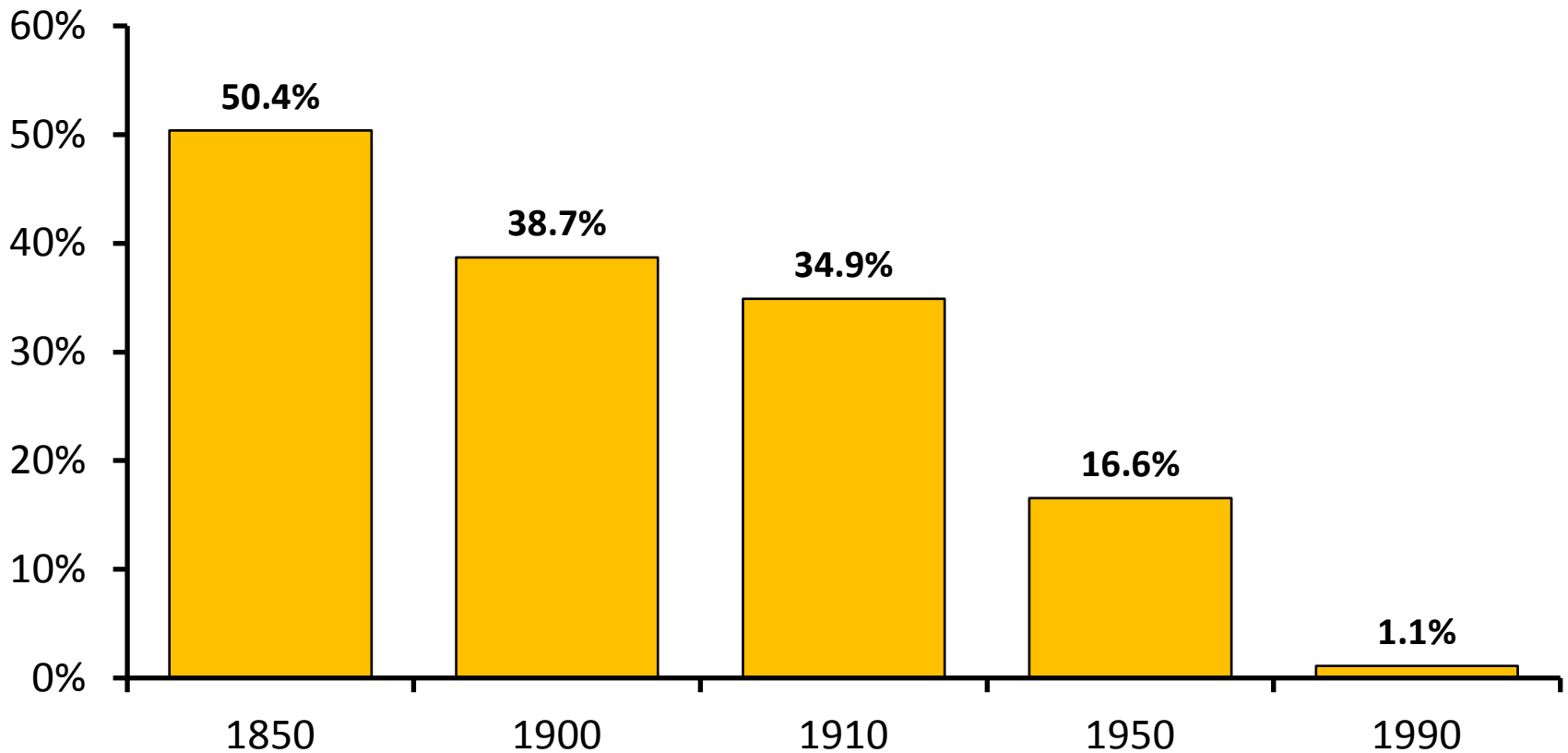


Source: U.S. Census Bureau, Census 2000 and 2010 Census Redistricting Data Summary File  
 For more information visit [www.census.gov](http://www.census.gov)

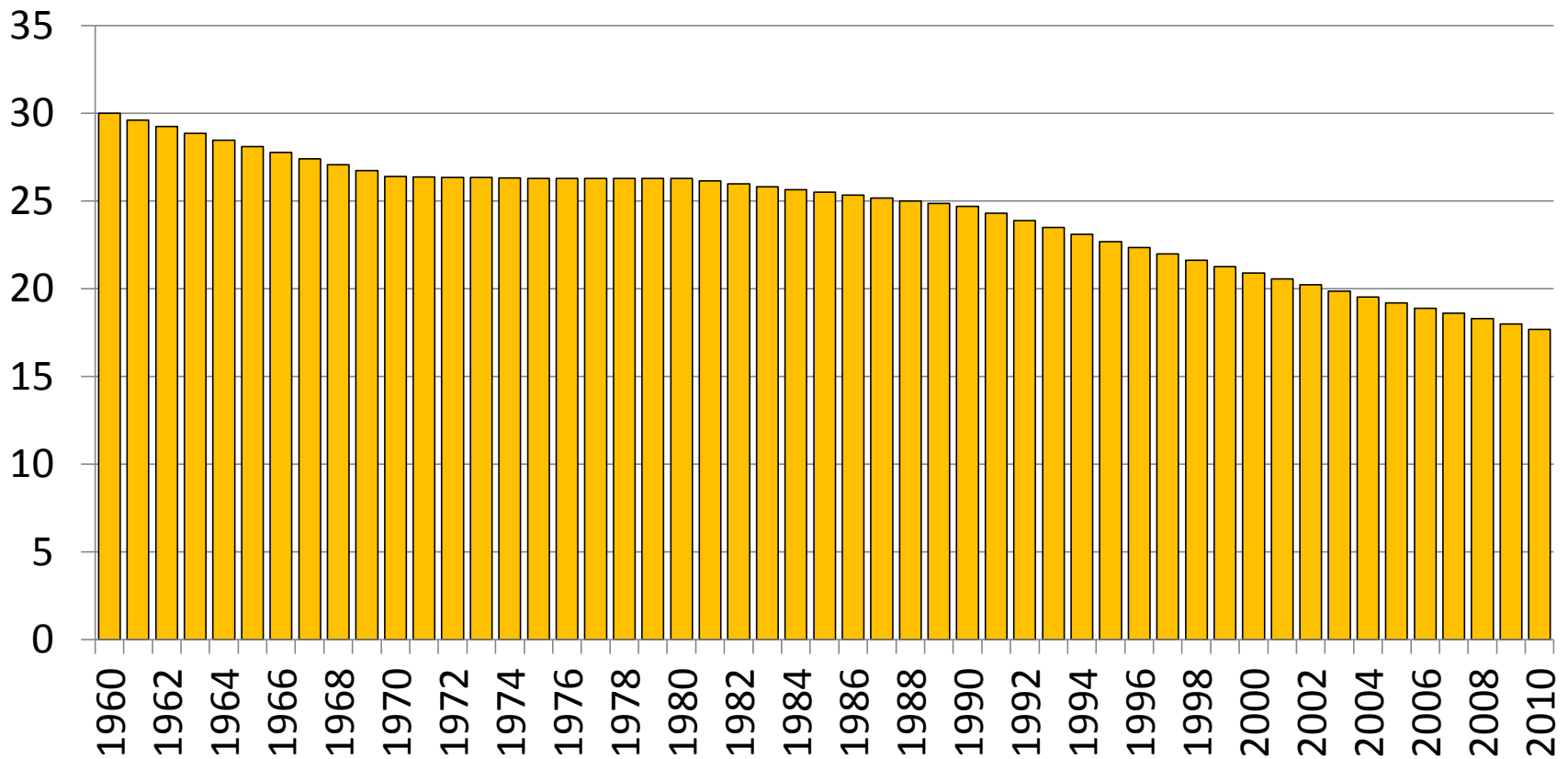


# Farm Population As Percent Of Total US Population

Farm Population Peaked In 1910 At 32Million. In 1990, it was Less Than 3Million



# Percent Of US Population Living In Rural Areas



US Census Bureau estimate

[WWW.GILLED.COM](http://WWW.GILLED.COM)

# It Seemed These Trends Would Last Forever-- And Then 2008!

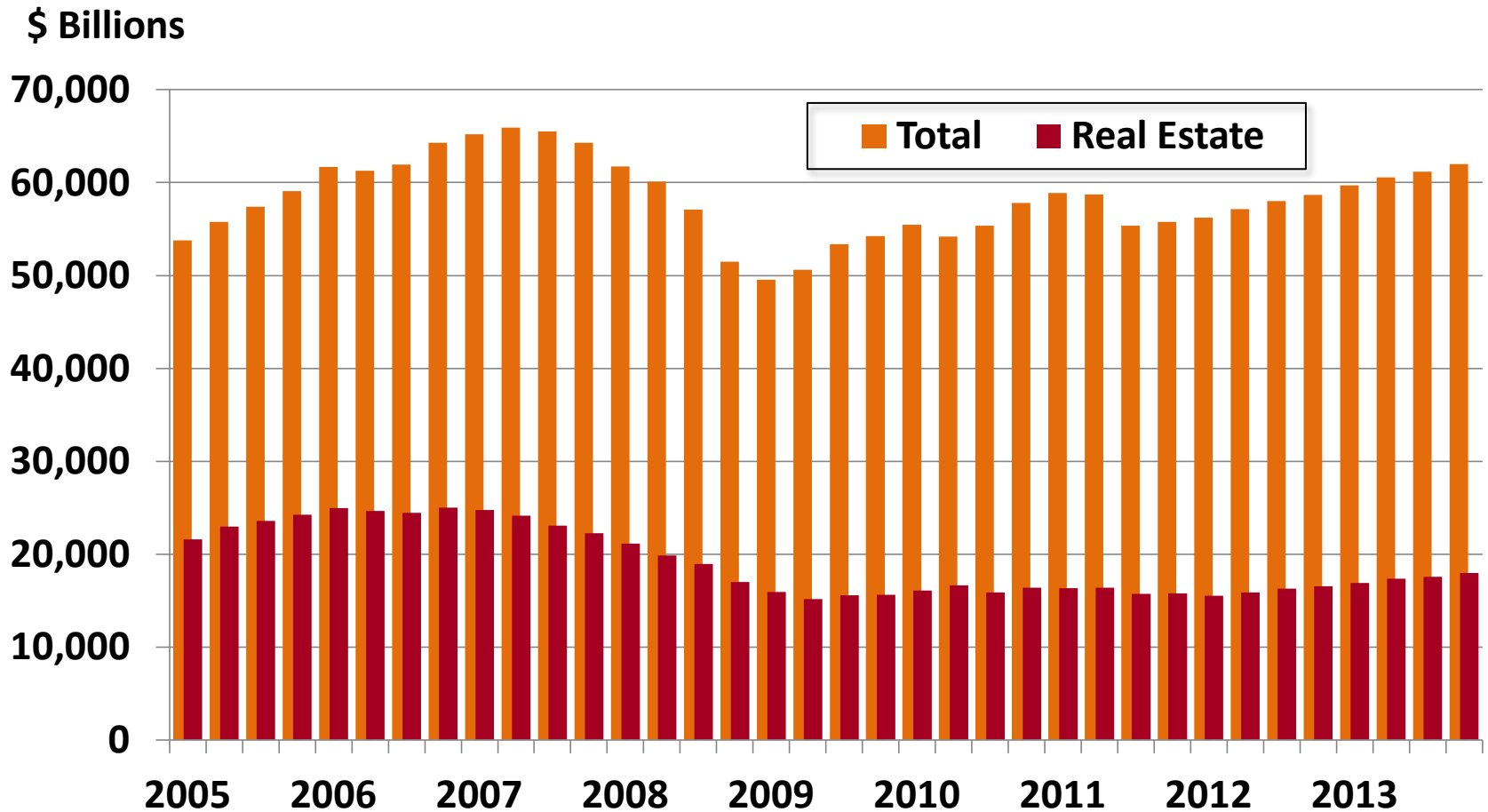
- **The Great Recession**

- Upended the housing market, slowing growth in the most rapidly growing, prosperous areas
- Exposed weak balance sheets and hidden risks
- Upended the labor market, delaying much consumption activity.

- **The Gray Tsunami**

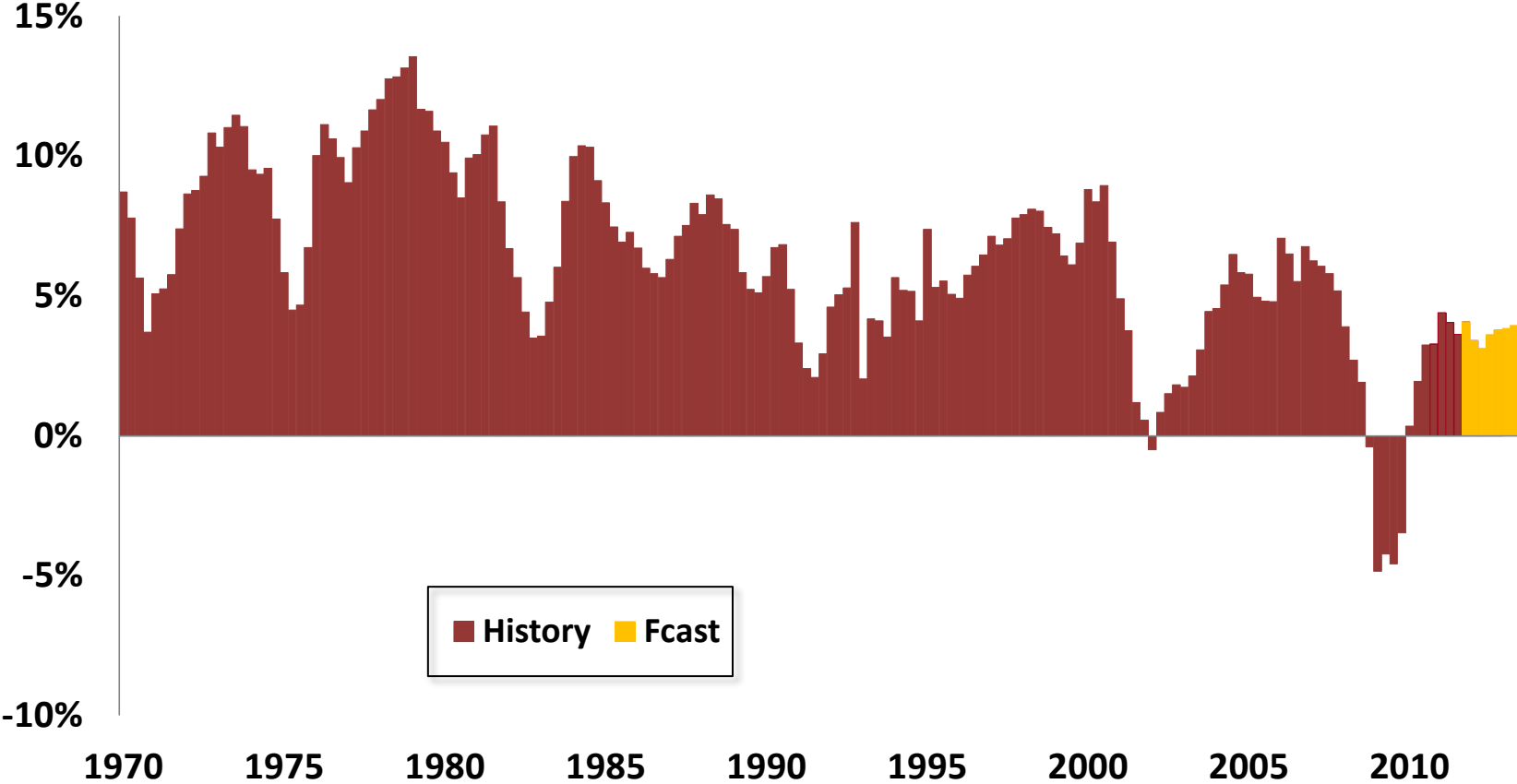
- Exposed government debt issues
- Will increase the demand for government services while limiting growth of revenue
- Will contribute to slower economic growth and slower growth in rapidly growing areas.

# Household Wealth Fell More than \$16 Trillion; Real Estate, Nearly \$10 Trillion



# Total U.S. Wages Fell in 2009

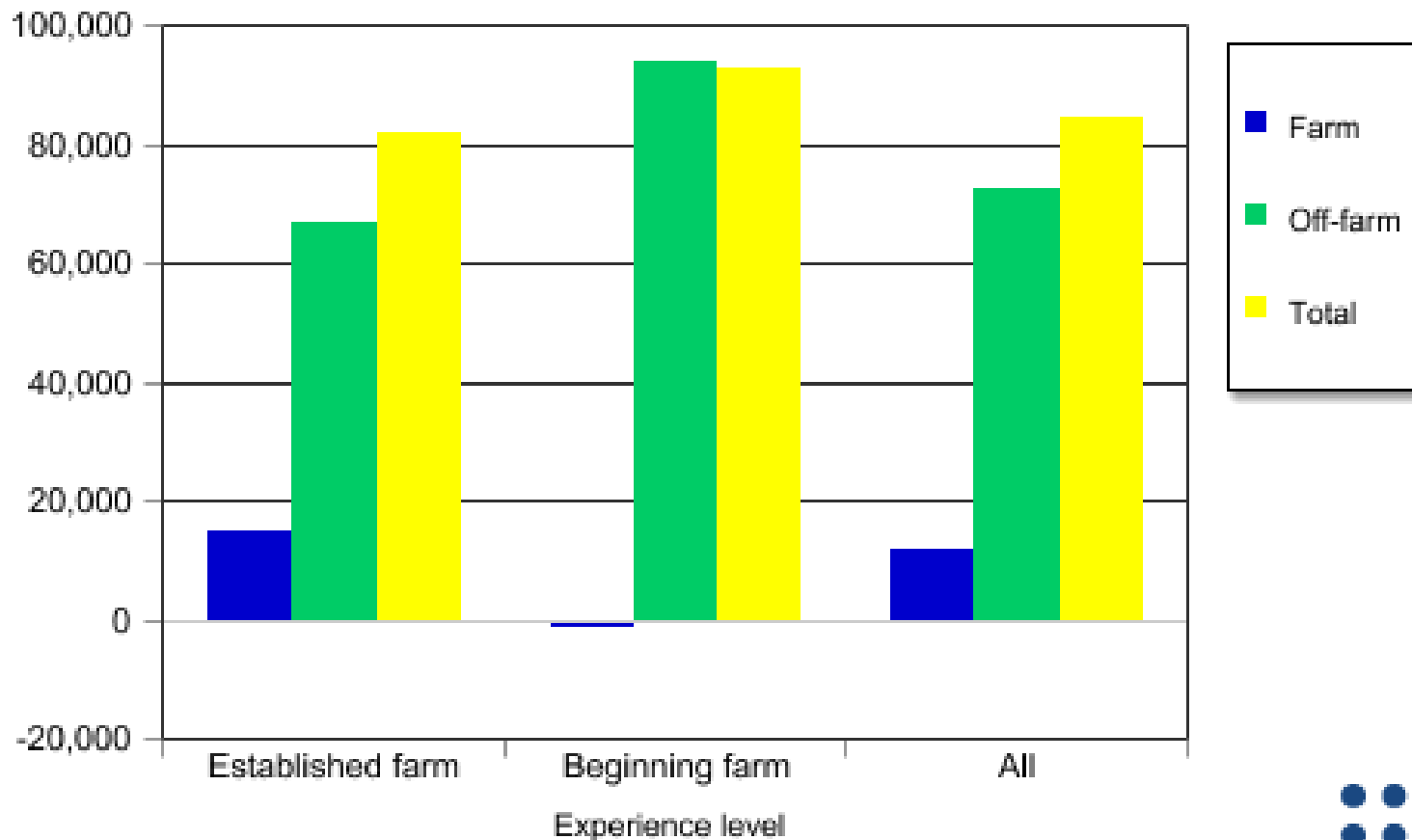
Quarterly Year-Over-Year  
Percent Change





## Sources of household income for family farms that operate beginning and established farms, 2010

Average dollars

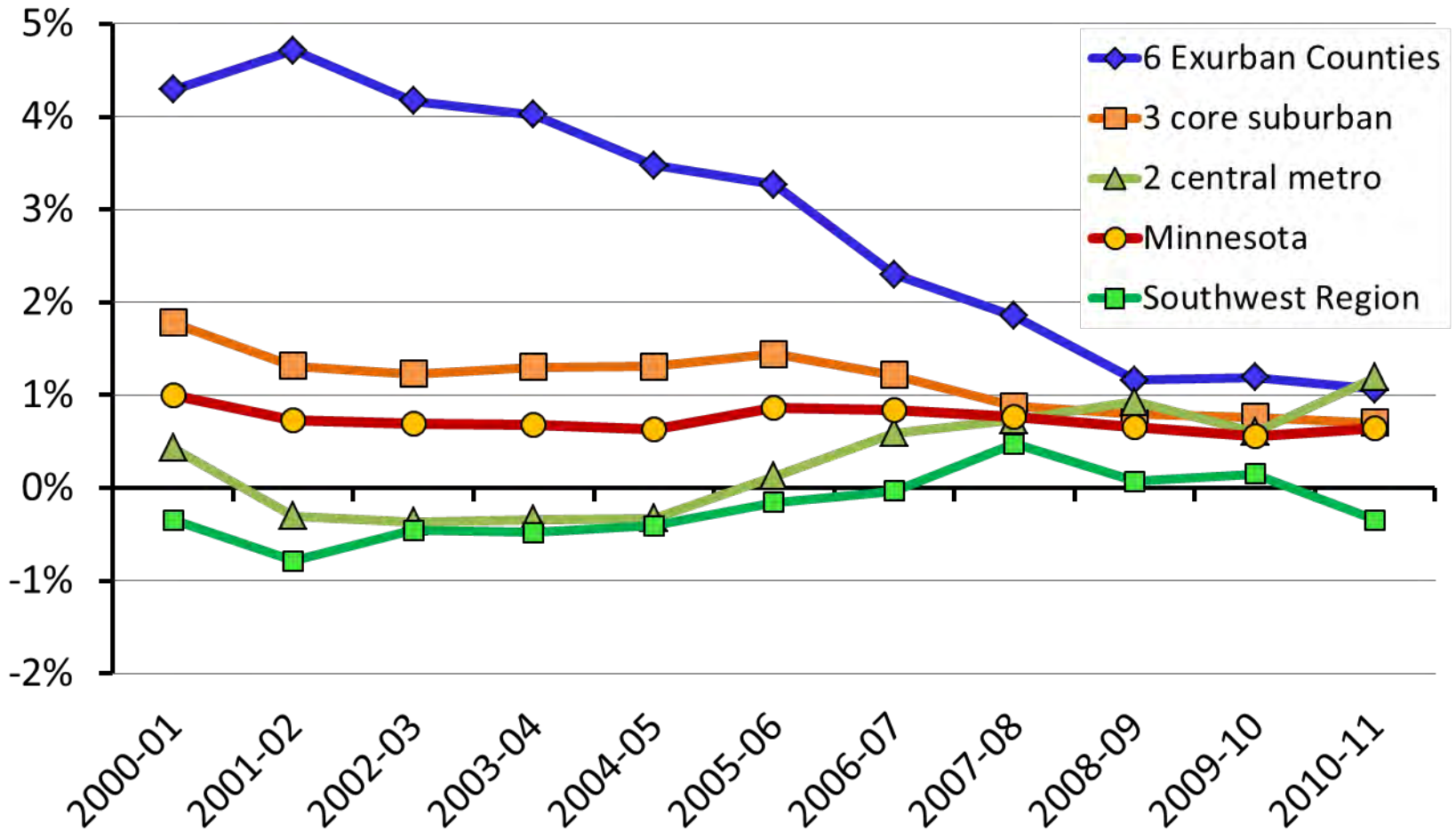


*Note: Beginning farms are those where all operators have 10 or less years farming experience.*

*Source: Agricultural Resource Management Survey, ERS and NASS, USDA.*

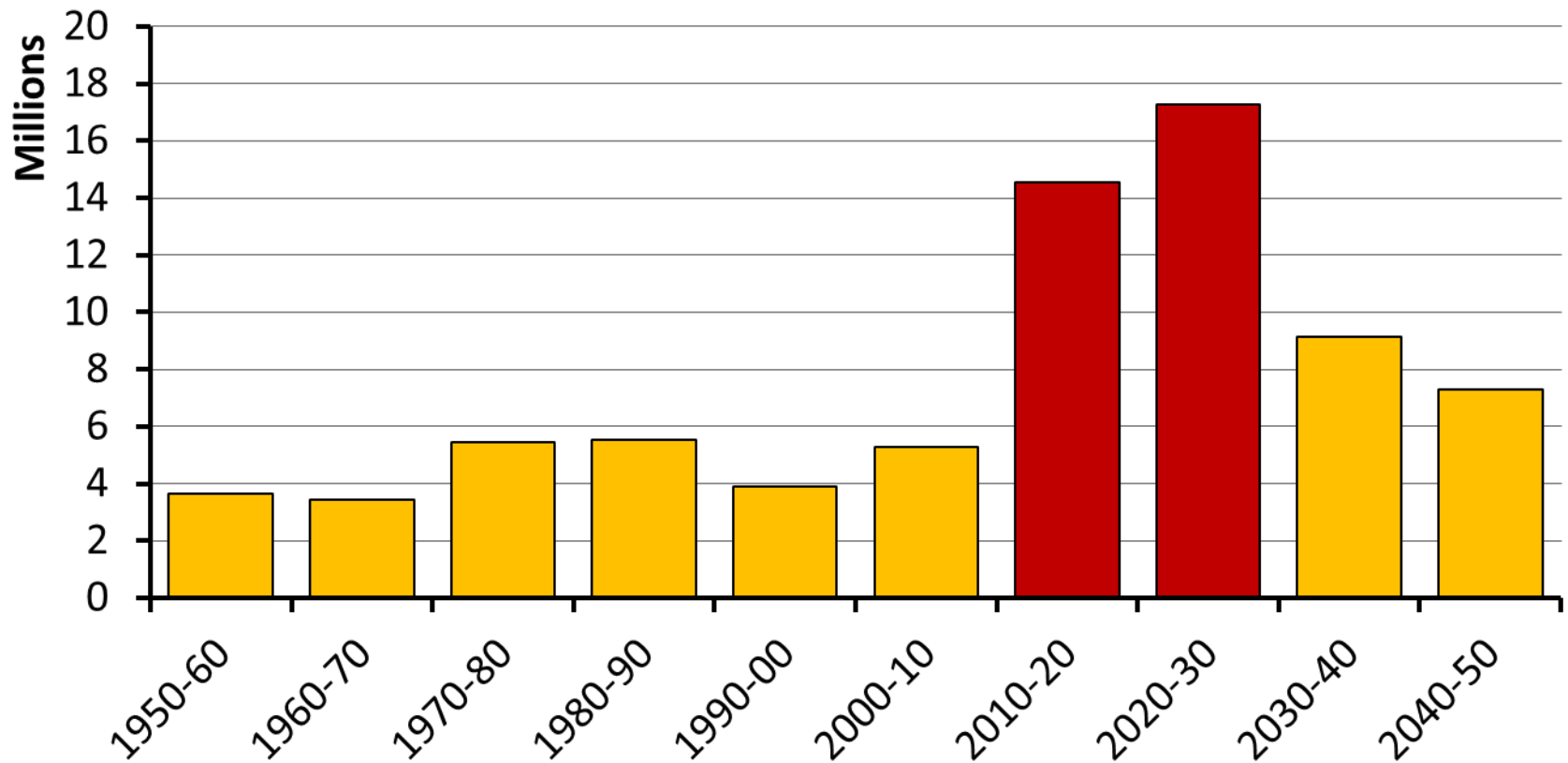


# Convergence of Population Growth Rates

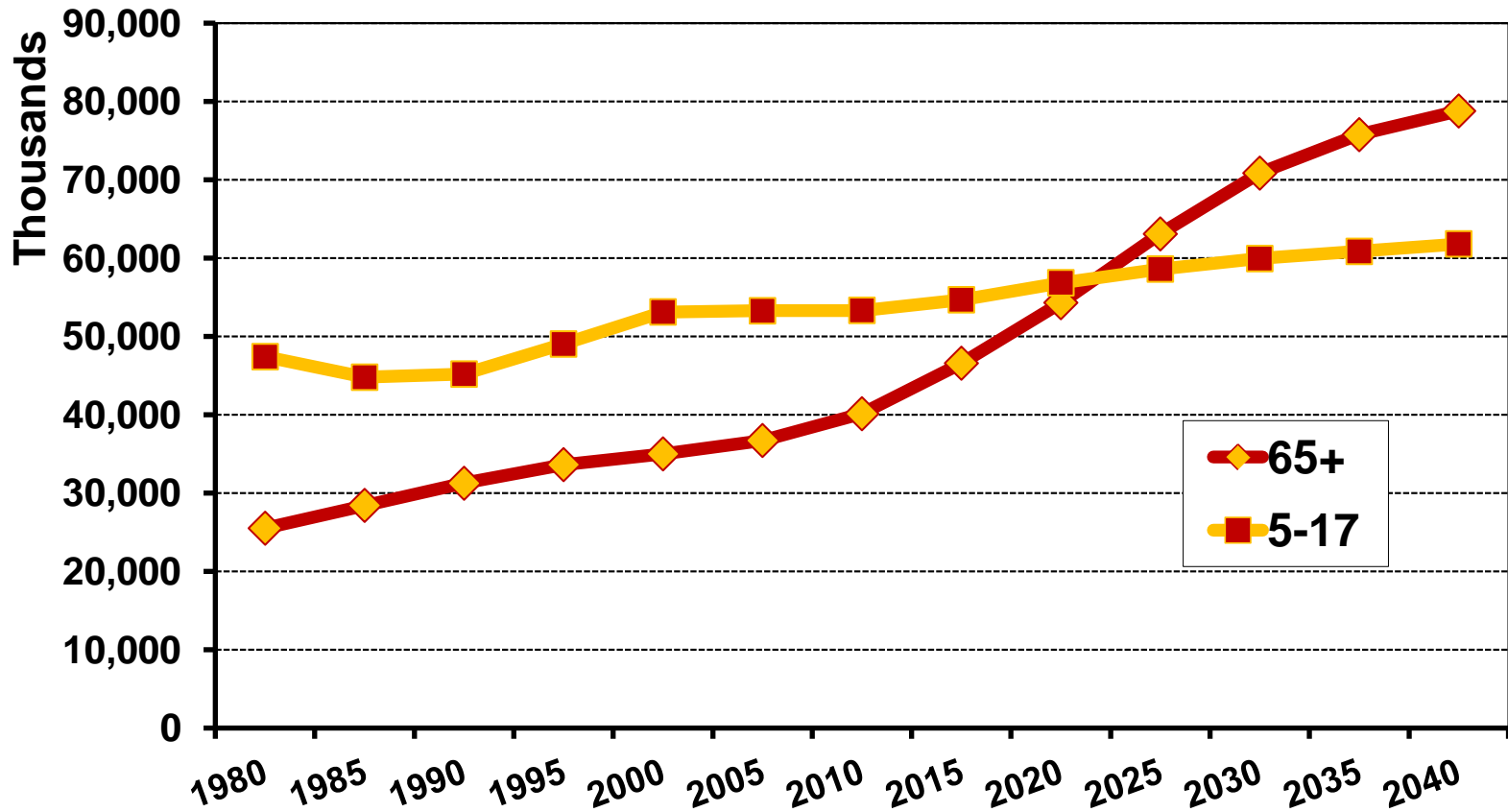


Census Bureau estimates, 2000-09 aligned with 2010 Census

# This Decade, The United States Will Add As Many People 65+ As We Have In The Past Three Decades Combined



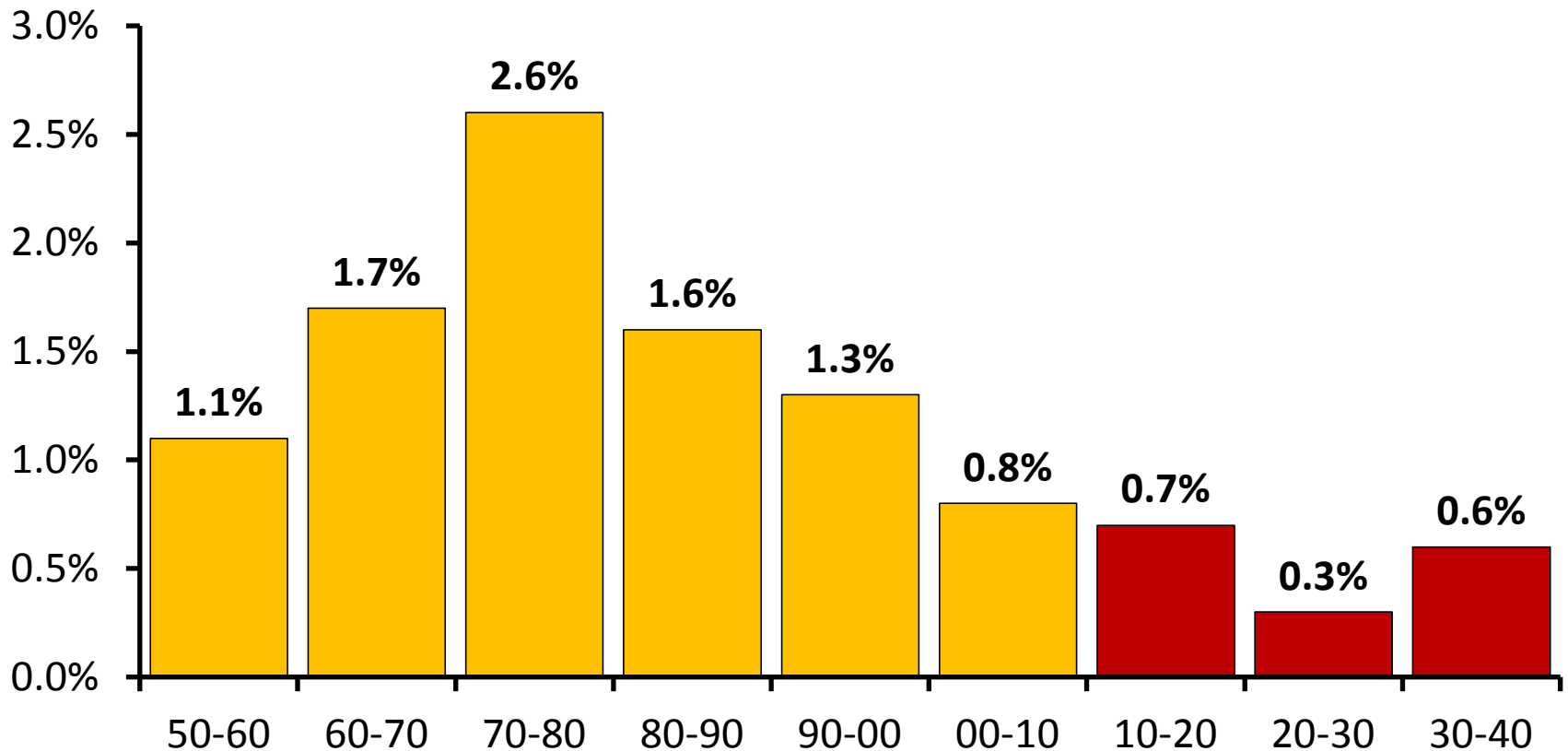
# Early Next Decade The United States Will Have More People 65+ Than School Age



Census Bureau forecast revised Dec 2010 assumes constant immigration

# US Labor Force Growth Will Be At Record Low Levels By The End Of This Decade

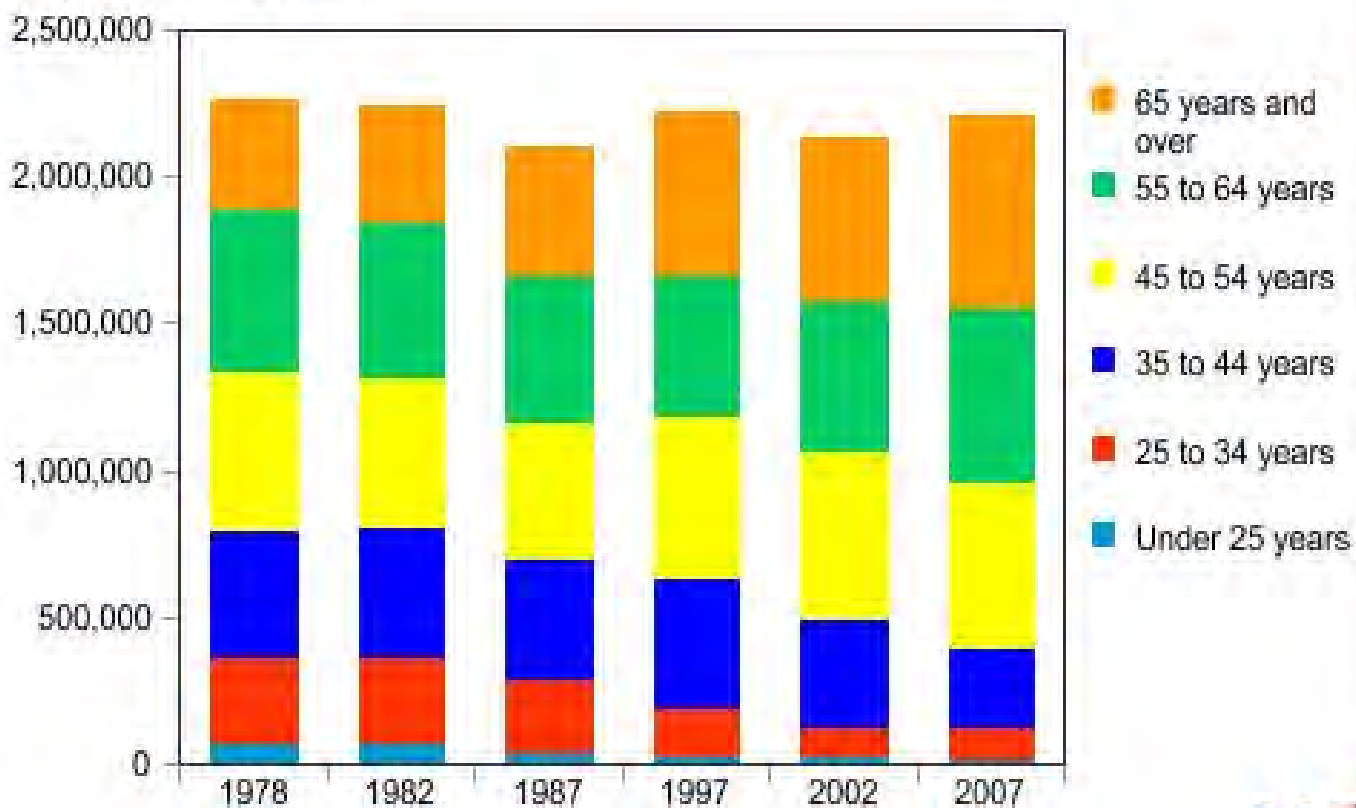
Annual Percent Change



US Bureau of Labor Statistics forecast

## Age distribution of farm operators, 1978-2007

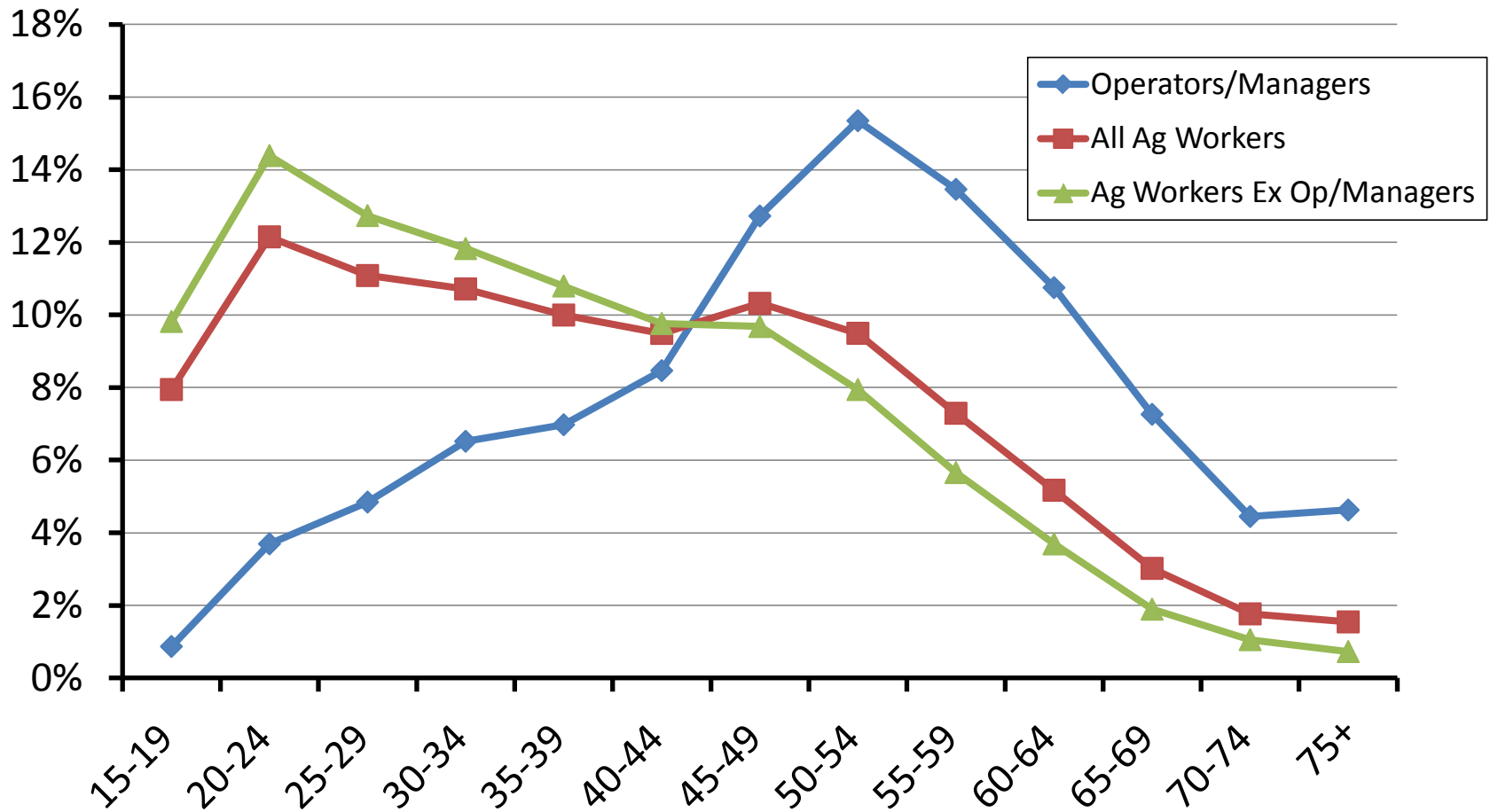
Number of farm operators



Source: USDA, Census of Agriculture.

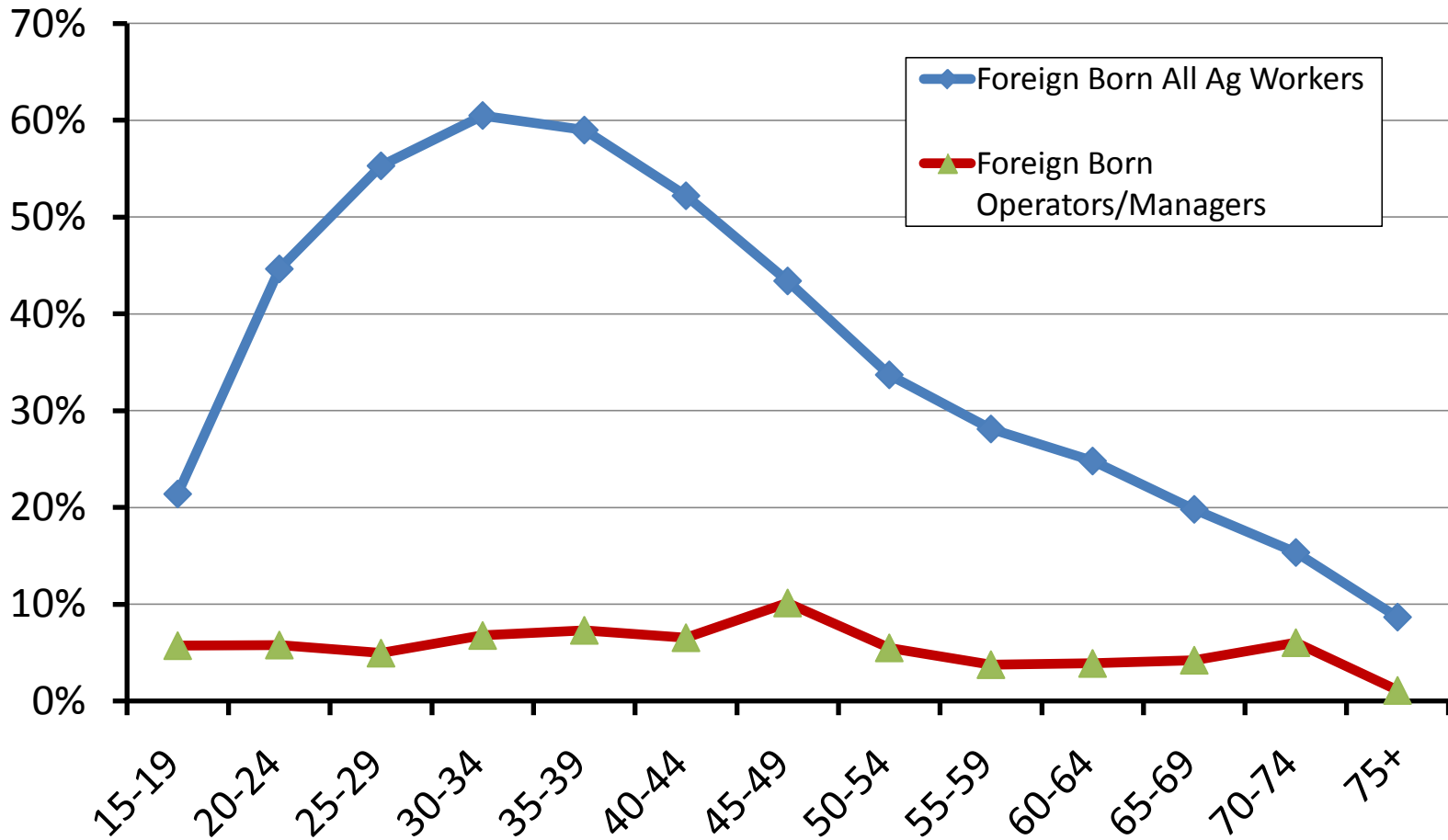


# Age Of US Farm & Ranch Employed Workers 2008-2010



2008-2010 ACS, 56% of operators/managers age 50+

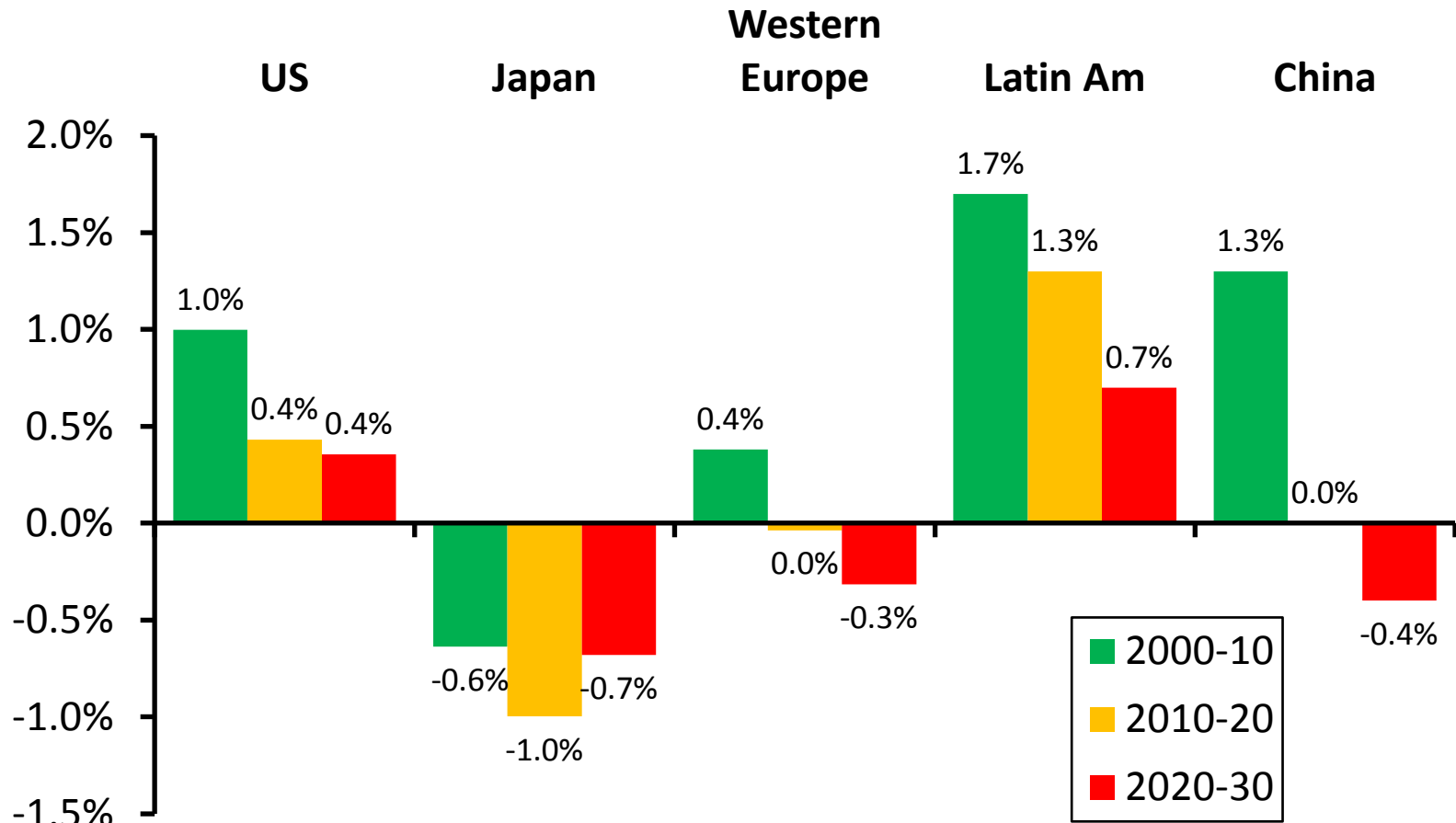
# Percent Of Farm & Ranch Employed Workers Foreign Born 2008-2010



2008-2010 ACS

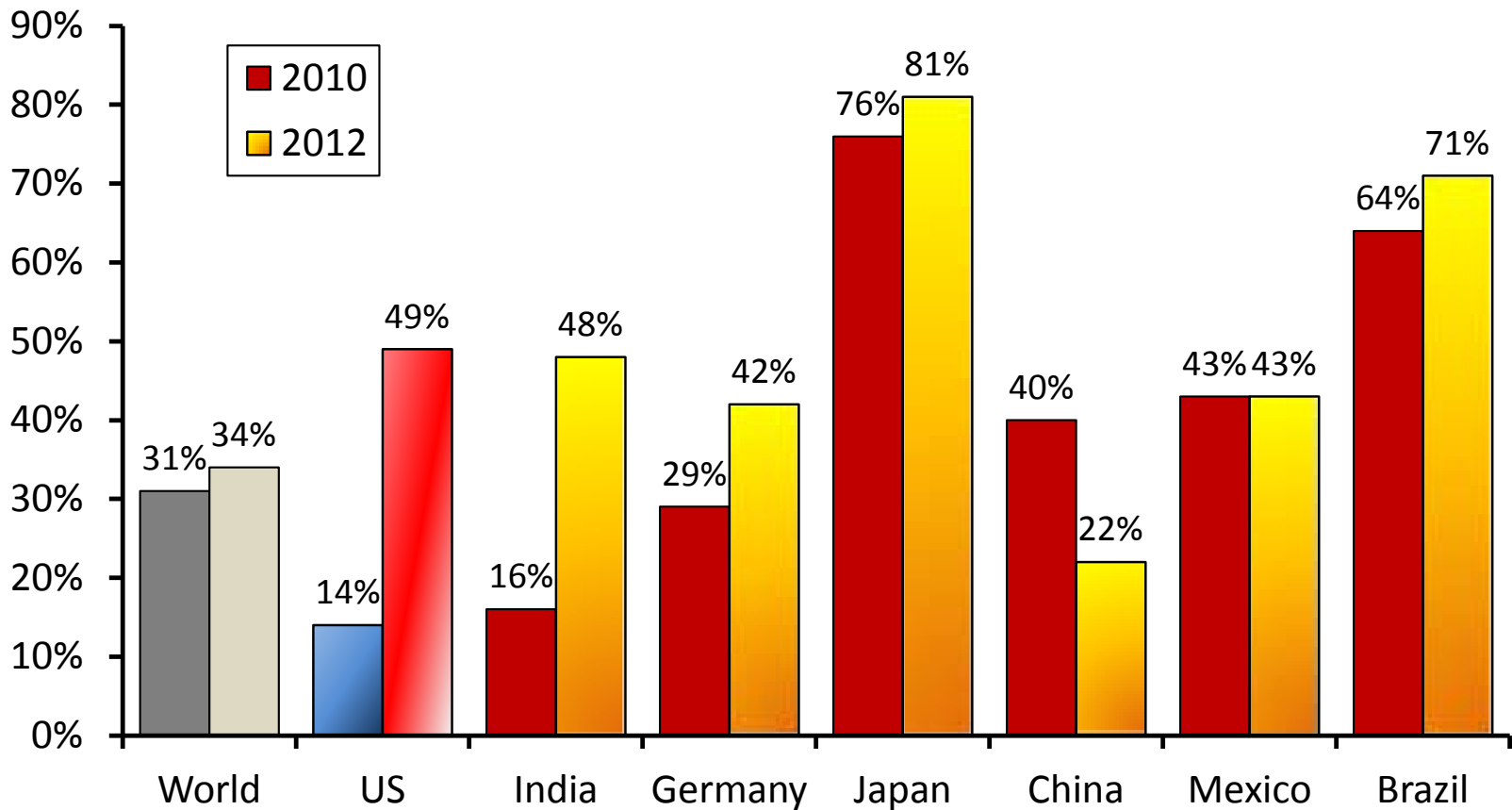


# Growth Of The Working Age Population Is Slowing Or Declining In Most Industrialized Nations Which Will Be A Drag On Economic Growth



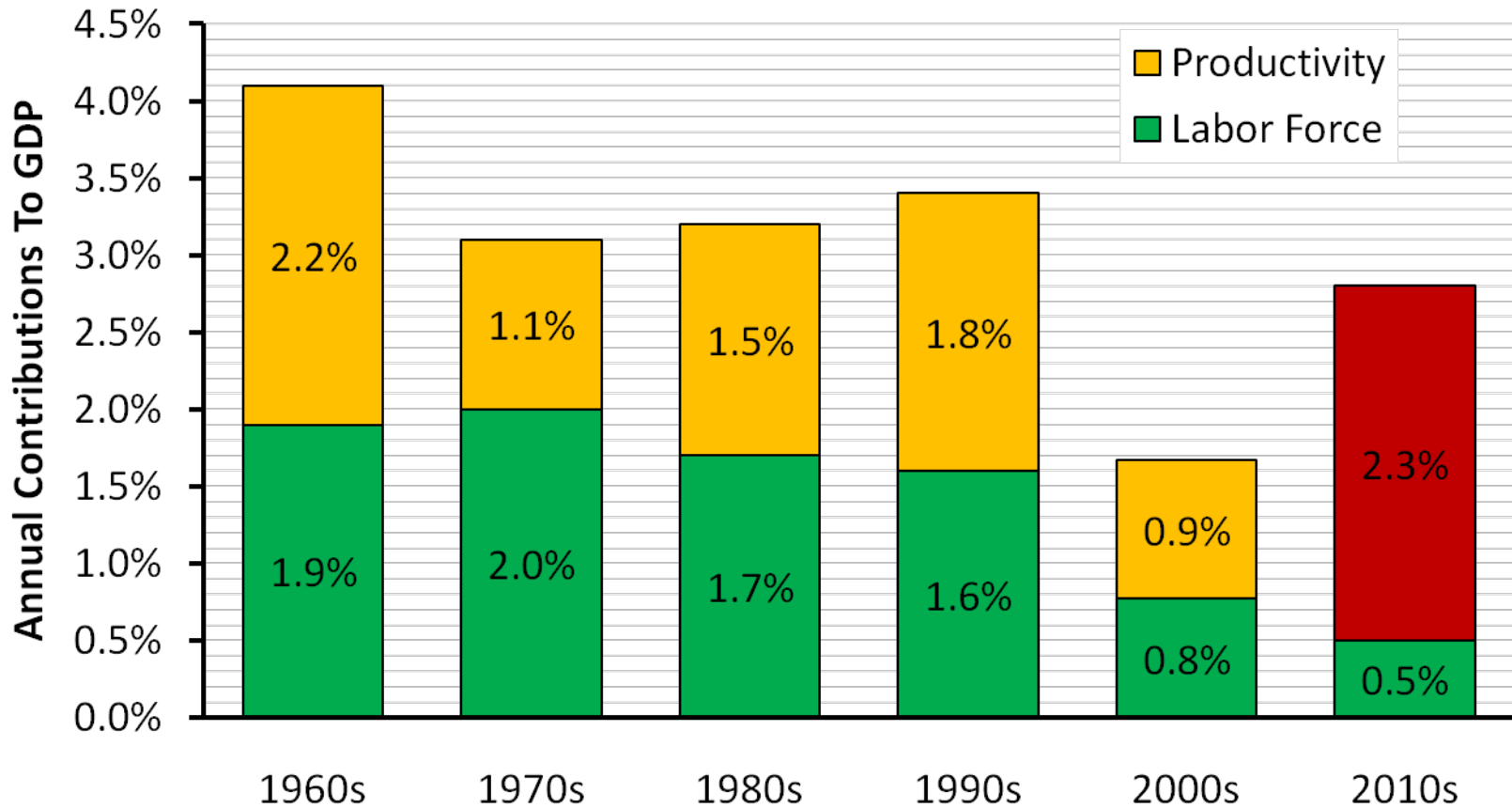
US Census Bureau International Data Base

# Percent Of Employers Having Difficulty Filling Jobs Due To Lack Of Available Talent



Manpower Group, 2012 Talent Shortage Survey

# Overall US Economic Growth Slows As Labor Force Growth Slows



US BEA, McKinsey Global Institute, We will need a 2.3% annual increase in productivity just to reach our 20 year average growth of 2.8%

# The “New Normal” Probably Means

- Slower global economic growth
- Talent will be the scarce resources
- A single-minded focus on productivity
- Chronic government deficits & spreading problems with sovereign debt
- More frequent disruptive events/innovations with larger impact on business
- A whole new set of challenges and opportunities
- Some will fall due to the *Tyranny of Success*. New economic leaders will emerge

# Productivity Is Not Just Making Things Cheaper

- Productivity is also
  - ➡ Making things better—**Quality**
    - *Examples; the best implantable devices made, glue that always performs to standards, lower incidence of MRSA in hospitals*
  - ➡ Making better things—**Innovation**
    - *Examples; switch from hard drives with moving parts to solid state, driverless automobiles, new cures for diseases (Alzheimer's?)*
- ✗ The pressure for disruptive innovation is increasing

# The Third Industrial Revolution Is Transforming Economic Activity

- Advances in robotics, materials, software, bioengineering, and the web are fundamentally changing where and how economic activity takes place.
- Innovation is replacing physical capital as the foundation of economic growth.
- Physical location will be less important and those bound to it will find competition increasingly difficult.

# Some Key Conclusions For The Rest Of This Decade

- ✘ Long run economic growth will slow globally so expectations of rates of return should be moderated.
- ✘ Increased consumption in China and India and sovereign debt issues in the wealthier nations will lead to rising interest rates
- ✘ Slower labor force growth will focus economic growth on productivity improvements
- ✘ Talent will be the limiting factor to growth
- ✘ Innovation will displace Lean and Six Sigma in the drive to increase productivity.
- ✘ Some will thrive in this environment—others not

**“I skate to where the puck will be,  
not to where it has been.”**

**Wayne Gretzky**

**Famous Canadian Philosopher**