

Manufacturing growth boosts economy

But economist says retail trade sector still underdeveloped



Peterson

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By Holly Bowen, Daily News staff writer

A regional economist based at the University of Idaho said it's "jaw-dropping" that Schweitzer Engineering Laboratories in Pullman has surpassed Clearwater Paper in Lewiston as the region's largest direct employer.

Steve Peterson, a Lewiston native and UI clinical assistant professor of economics, said the rise of SEL is "really showing what the wave of the future is."

That future is projected to be full of growth for Whitman County, which has stagnated during the past several decades but now is experiencing somewhat of an economic renaissance thanks to manufacturing, technology and education booms.

"Whitman County has undergone basically a transformation from a stagnant economy to the region's economic growth engine for three reasons," Peterson told Port of Whitman County Commissioners Wednesday.

Peterson presented them with a new economic impact study he and UI research economist Stephen Pool completed.

Peterson said the rapid growth of SEL and other high-tech firms; increases in revenues, expenditures and student enrollment at WSU; and general changes in growth policies by local governments are all responsible for Whitman County's ascension on the regional economic ladder.

He said the county's 152-percent growth in direct manufacturing employment throughout the past decade is "remarkable," especially when compared with its peers in the quad-county region.

During the same time period, direct manufacturing employment grew by only 22 percent in Asotin County and 5 percent in Latah County. Nez Perce County's growth was flat, and both Idaho and Washington state as a whole experienced decreases of more than 15 percent.

Whitman County's economic growth has been accompanied by a 9.9 percent jump in the county's population, from 40,740 residents in 2000 to 44,776 residents in 2010. That's compared to population growth rates of 6.6 percent in Latah County, 5.2 percent in Asotin County and 5 percent in Nez Perce County.

The city of Pullman alone experienced a 20.8 percent spike in population in the last decade, compared to 14.2 percent in the city of Asotin, 11.8 percent in Moscow, 3.1 percent in Lewiston and -1.5 percent in Clarkston.

WSU students account for about 43 percent of Whitman County's total population. In Latah County, about 29 percent of residents are UI students.

"Combined, all three universities approach about a billion dollars of expenditures (per year) in the regional economy," Peterson said of WSU, UI and Lewis-Clark State College.

However, despite the positive increases in manufacturing employment and university enrollment, Peterson said Whitman County still lags behind its regional counterparts when it comes to the health of its retail trade sector.

"To put this bluntly," he said, "prior to the super Walmart opening in Pullman, Pullman produced nearly the same amount of retail sales as Clarkston, a town nearly the third of its size."

When the results of the most recent economic census from 2007 are converted into 2011 dollars, Pullman produces about \$203.7 million per year in retail sales. But Peterson said that doesn't include the larger Walmart store, which could add about \$50 million to that number.

That would still leave Pullman ranked behind Lewiston, at \$738.3 million per year, and Moscow, at \$353.5 million in annual retail sales.

"In terms of population and the overall size of the economy, Whitman County and Nez Perce County are equivalent," Peterson said of the pre-Walmart numbers. "Yet the retail trade sector of Whitman County is just 39 percent of Nez Perce County."

Whitman County as a whole produces about \$294 million in annual retail sales, compared to \$762.6 million per year in Nez Perce County.

Peterson said Whitman County was the retail trade hub of the Palouse until the mid-1970s.

"If we were to go back into the '60s, the place to shop was Pullman," he said. "By the time we got to the end of the '70s, it was Moscow."

He attributed that in part to a more business- and growth-friendly environment in Moscow at the time.

"So, guess where the activity moved to," he said, adding that trend started to reverse around the year 2000.

Because Moscow and Lewiston have more retail offerings than Pullman and the rest of Whitman County, those cities end up sucking up much of the income from workers at SEL and other Whitman County-based employers.

"Retail trade acts like a sponge ..." he said. "If you don't have that sponge there, it leaks out."

Between 1969-2010, about \$100 million per year leaked out of Whitman County because of commuting patterns, Peterson said. At the same time, Latah County has brought in about \$100 million per year from outside its borders.

"That is no coincidence," he said.

He said Whitman County, like Nez Perce County, has a lot of jobs available, but the income from those jobs leaks out to other cities.

About 15 percent of Whitman County workers commute from Latah County, versus 6 percent of Latah County workers who commute from Whitman County.

Peterson said if Pullman brought in the same share of per-capita retail trade dollars as Moscow, its annual retail sales would total about \$434 million, instead of the current \$203.7 million.

Although he said the new Walmart Supercenter in Pullman will help push retail sales higher, Whitman County is more like a sieve than a sponge.

"What you're probably doing is plugging a hole," he said. "Walmart is plugging holes of money that's going to Moscow or going to Spokane or going south."

Port of Whitman County

Peterson's new economic impact study found that firms associated with the Port of Whitman County employ about 2,400 regional workers, a 224 percent increase from 1996.

The vast majority of those jobs - 86 percent - are in high technology services and manufacturing. That sector has grown by about 8 percent since 2004, while other sectors, including grain handling and storage, commodity transportation and recreation, are down slightly.

The Port of Whitman County's economic activity in the entire quad-county region is equivalent to about 34 percent of all sales in Whitman County and about 17.5 percent of all jobs in the four counties combined, according to the study.

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