

# The Growth of the Dual Economy

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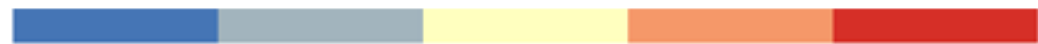
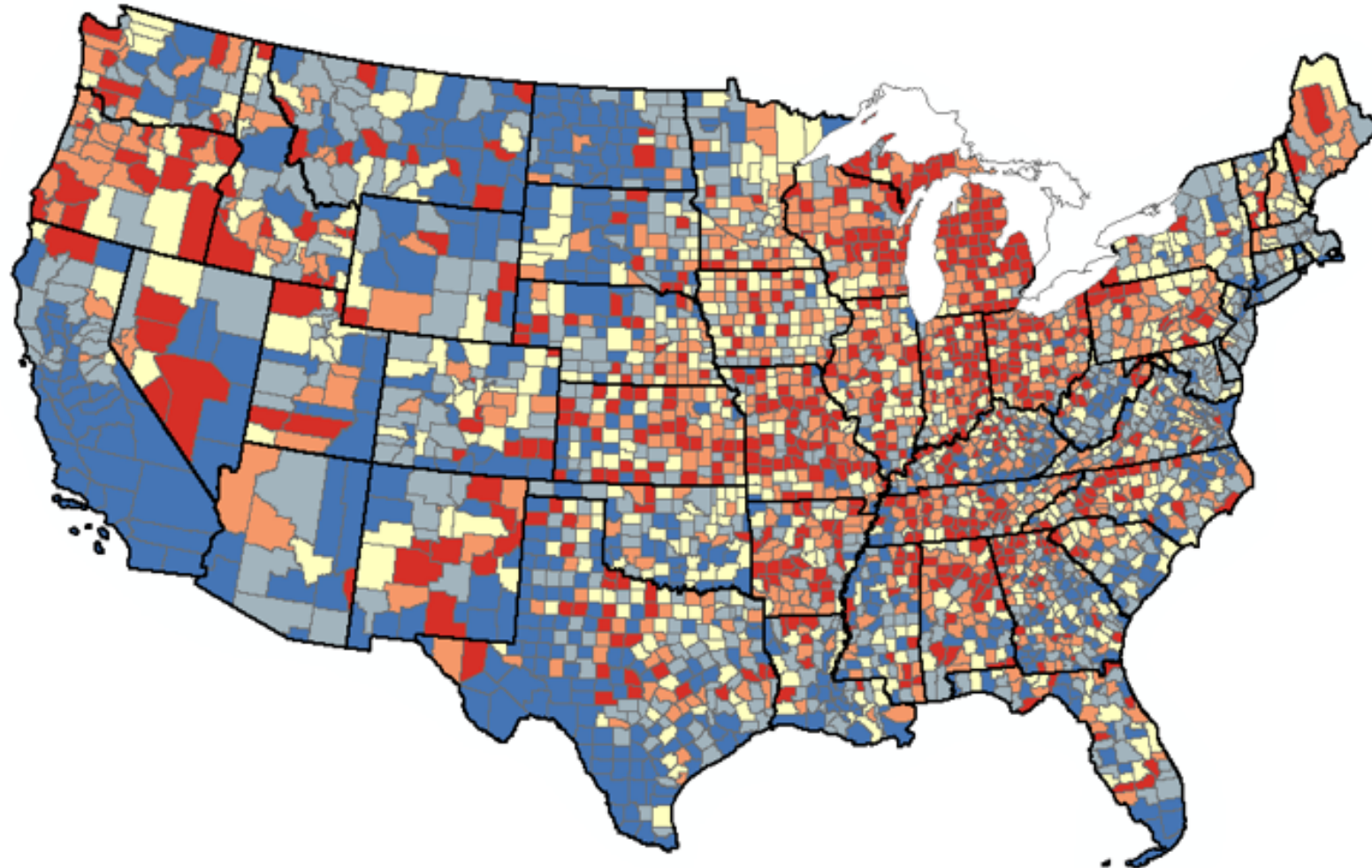
INET Conference  
10/21/17



# Common Themes from Session Papers

- Diverging economies (rich vs. everyone else)
  - Divergence by race and gender (but also place)
- Recession and the policy response have increased poverty and inequality
- Role of deregulation, devolution, disinvestment
- Significant long-term implications
  - Education
  - Incarceration
  - Health
  - Politics

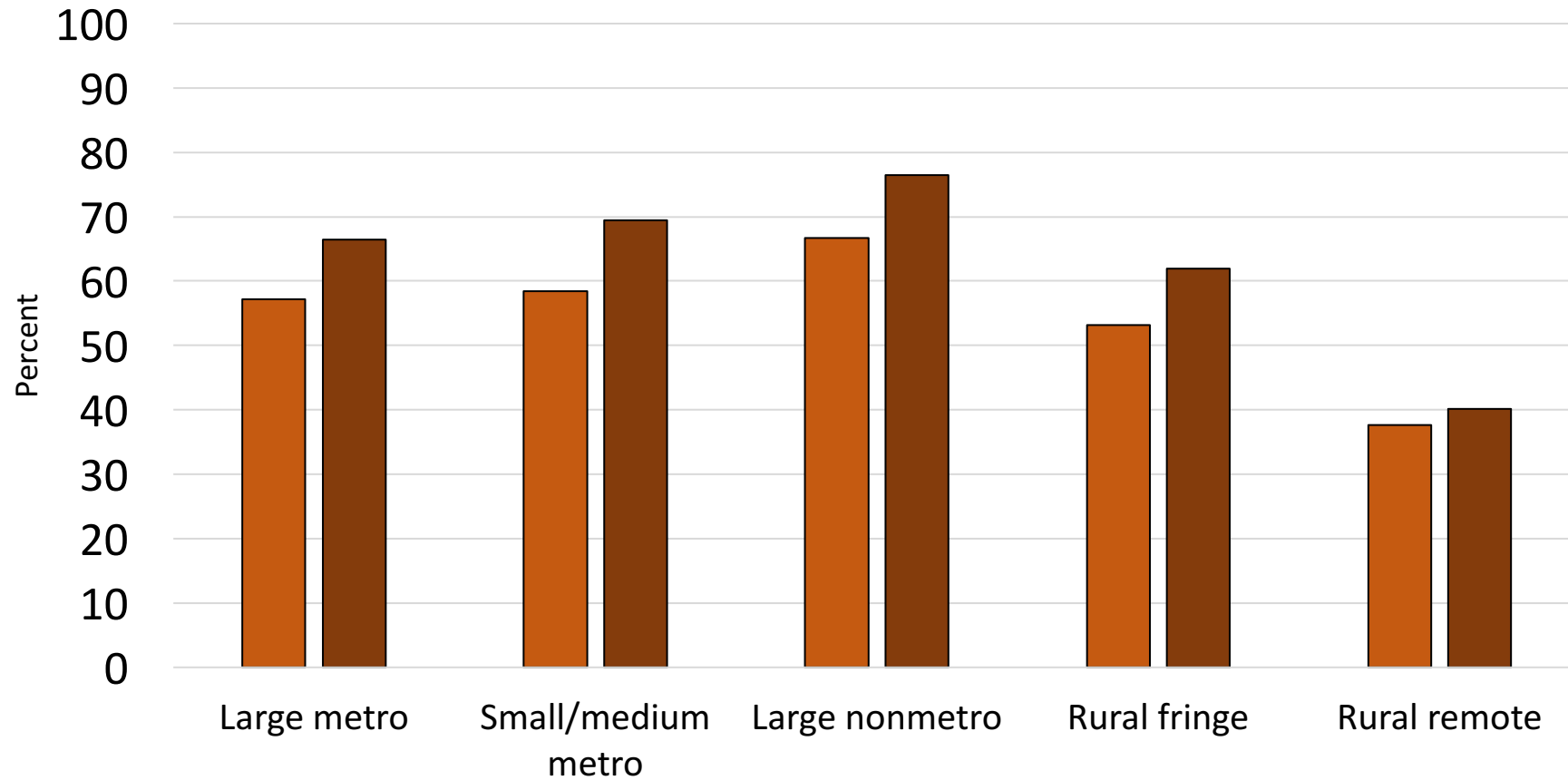
# Change in Economic Distress, 2000 to 2011-15



Distress declined <-----> Distress increased

Based on prime-age poverty, not working (unemployed/nif), public assistance receipt, disability, single-parent families; county-to-state median HH income ratio, county-to-state median owner-occupied home value ratio

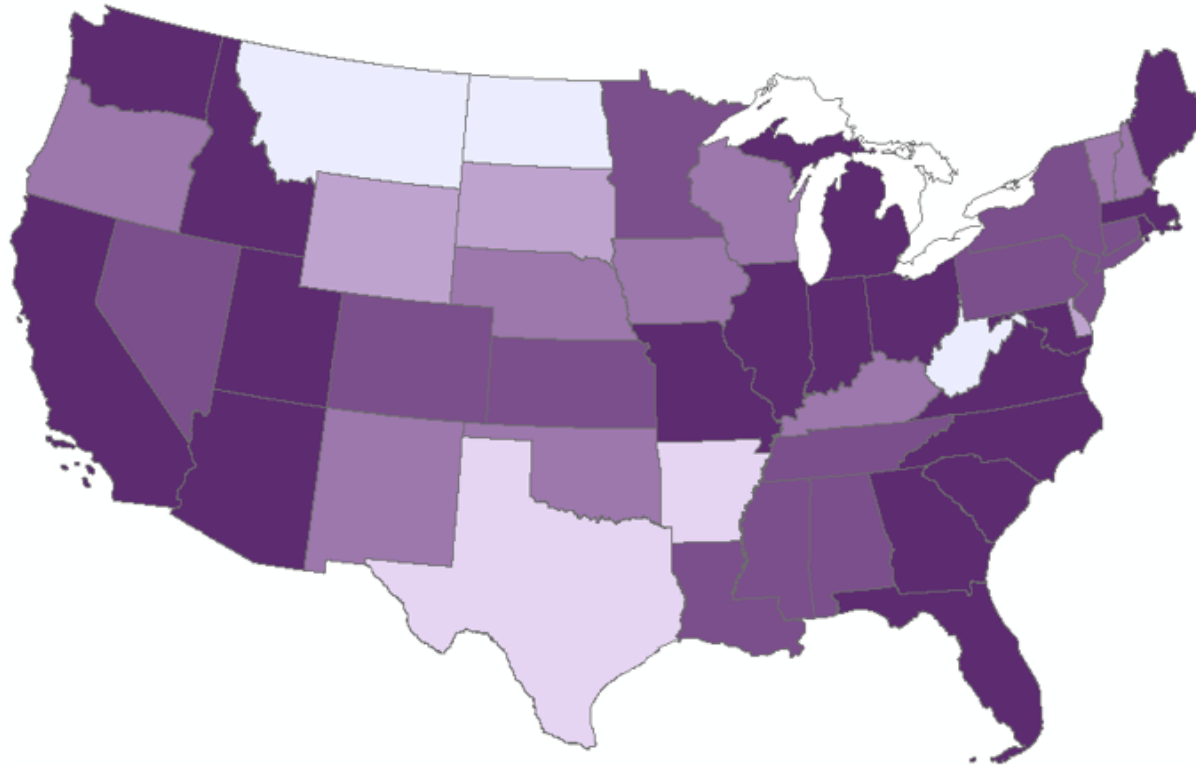
# Economic Distress: Recession and "Recovery"



■ % of counties w/increase in 4+ economic distress indicators from 2000 to 2007-11)

■ % of counties remaining worse off on 4+ economic distress indicators in 2011-15 vs. 2000

# Number of Service Categories in Which State Implemented Budget Cuts, 2008-11



Service Category	# states cutting
Public health	31
Elderly/disabled	30
K-12/early education	35
Higher education	43
State workforce	45



# The Dual Economy and the Commodification of Opportunity (David Grusky)



# “Low-output” as a proxy for rural

## The GDP and stock return trap

THE AVENUE

### Another Clinton-Trump divide: High-output America vs low-output America

Mark Muro and Sifan Liu · Tuesday, November 29, 2016

Candidates' counties won and share of GDP in 2000 and 2016

Year	Candidates	# of Counties won	Aggregate share of GDP
2000	Al Gore	659	54%
	George W. Bush	2397	46%
2016	Hillary Clinton	472	64%
	Donald Trump	2584	36%

Source: Brookings analysis of Moody's Analytics estimate

- “Output” based on GDP
- Undervalues raw materials that go into food, energy; military personnel; natural amenity recreation; retirement destinations – things “high output” America depends on.

# Consequences of the Dual Economy



# Rural carnage: opioid and alcohol abuse, family breakdown, crime, declining life expectancy

IN DEPTH | ONE NATION, DIVISIBLE

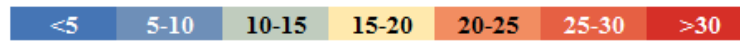
## Rural America Is the New 'Inner City'

A Wall Street Journal analysis shows that since the 1990s, sparsely populated counties have replaced large cities as America's most troubled areas by key measures of socioeconomic well-being—a decline that's accelerating

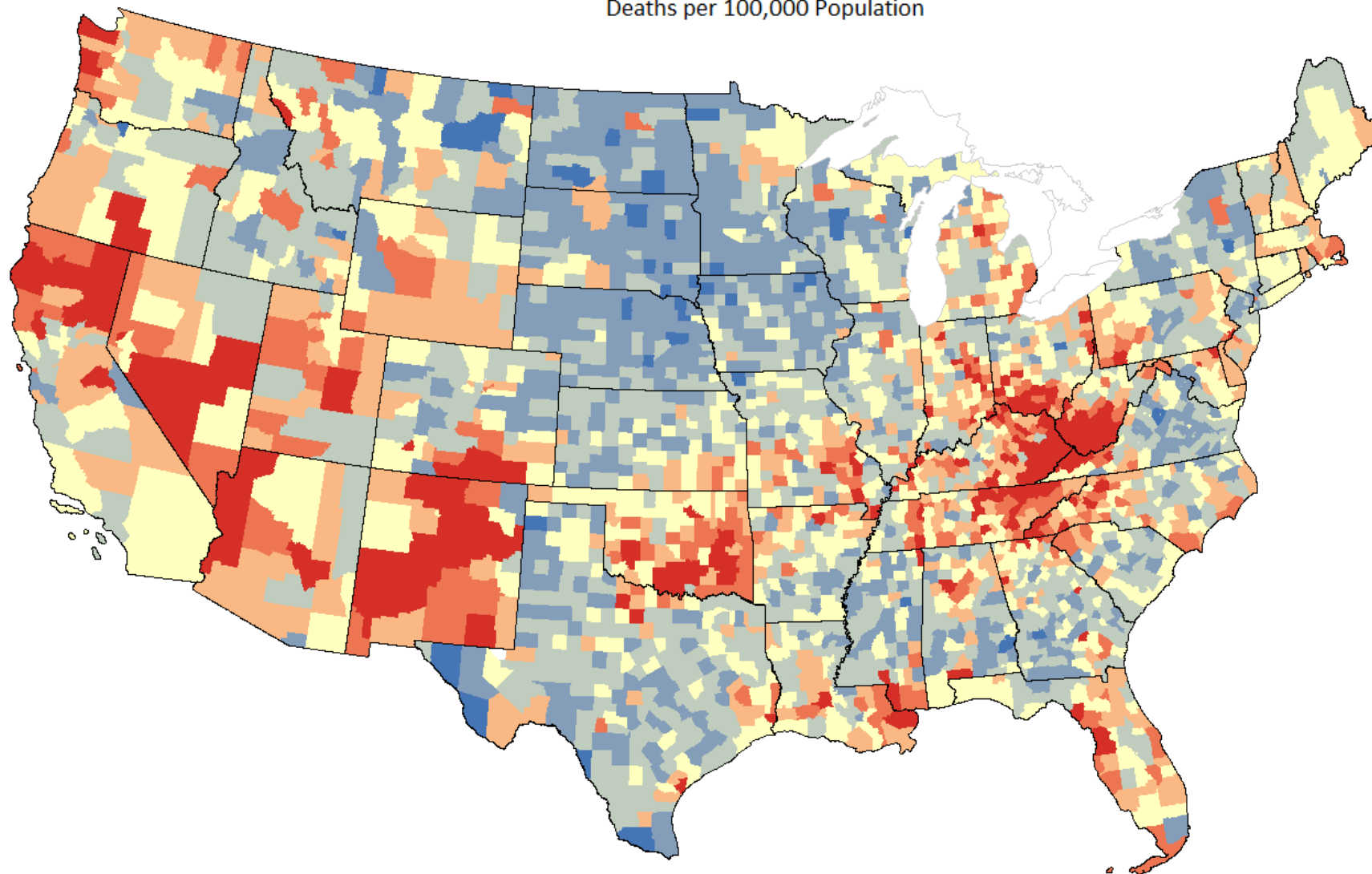
By *Janet Adamy and Paul Overberg*

Updated May 26, 2017 2:04 p.m. ET

# Drug-Related Mortality

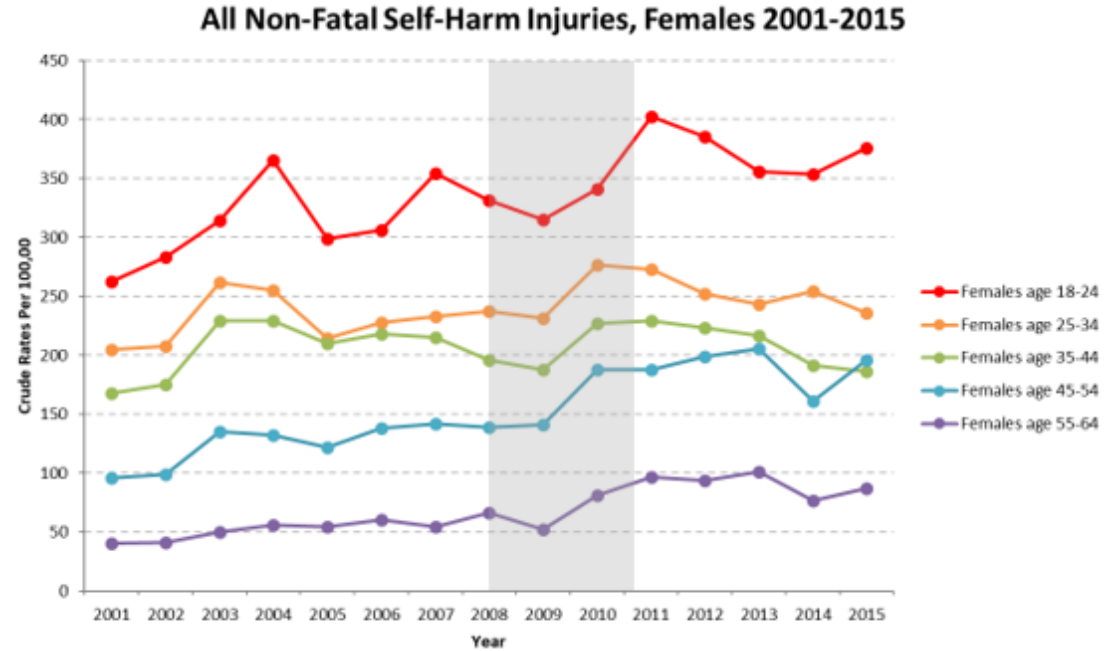
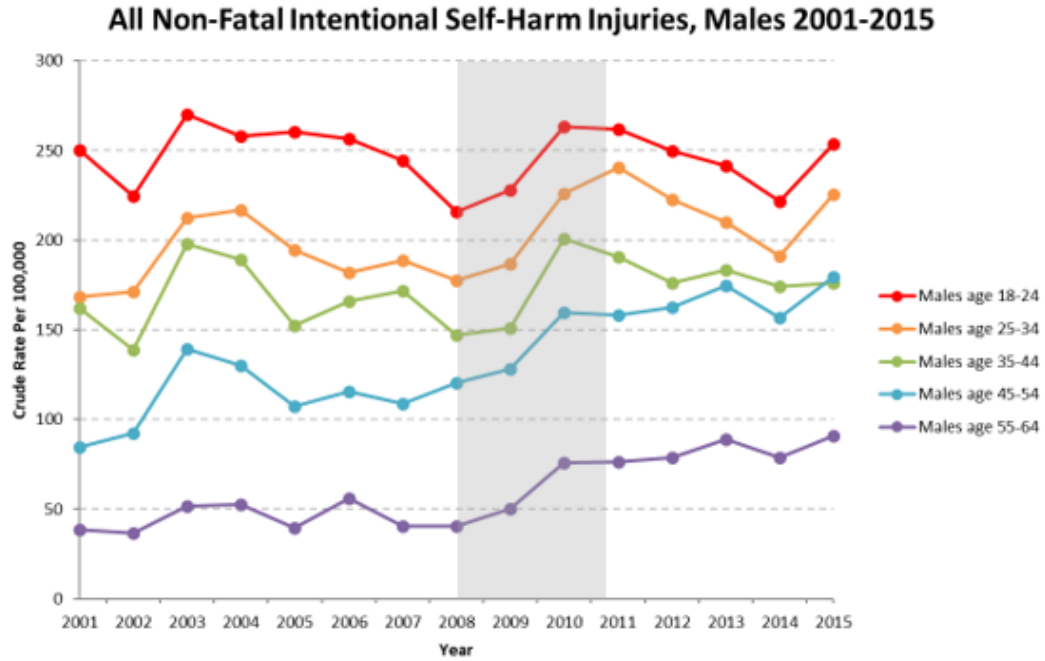


Deaths per 100,000 Population

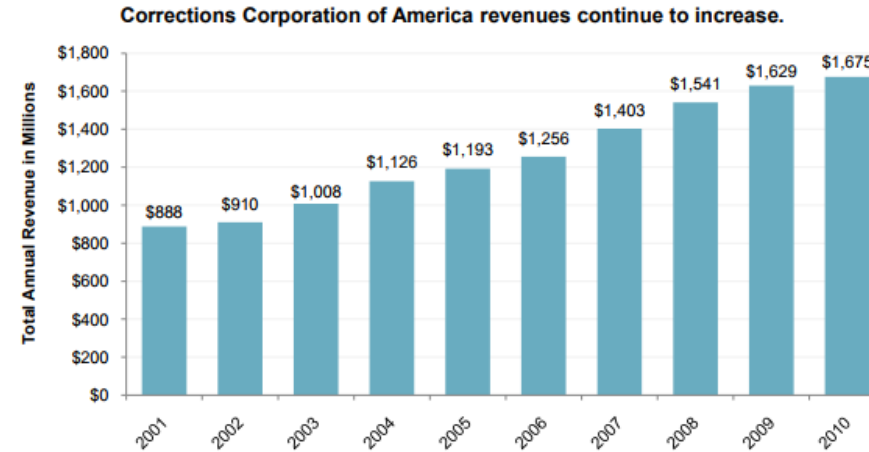


Data Source: CDC WONDER, Multiple Cause of Death Files, 1999-2015

# Recession and Suicide



# The Dual Economy and Incarceration

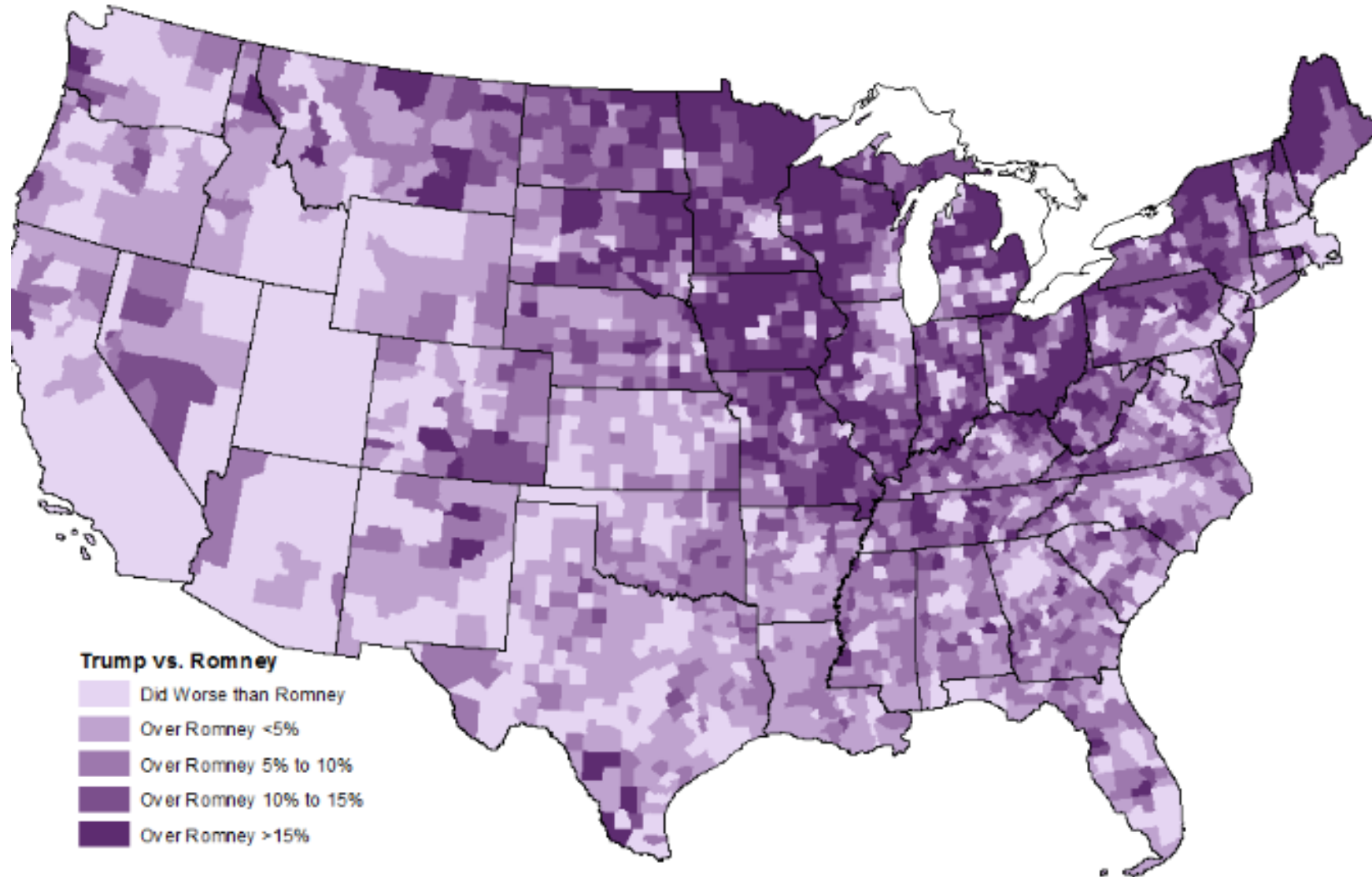


Source: 2010 Annual Report (Nashville, TN: Corrections Corporation of America, 2010); 2006 Annual Report (Nashville, TN: Corrections Corporation of America, 2007); 2002 Annual Report (Nashville, TN: Corrections Corporation of America, 2003).

Our industry benefits from significant economies of scale, resulting in lower operating costs per inmate as occupancy rates increase. We believe we have been successful in increasing the number of residents in our care and **continue to pursue a number of initiatives intended to further increase our occupancy and revenue.** Our competitive cost structure offers prospective customers a compelling option for incarceration.

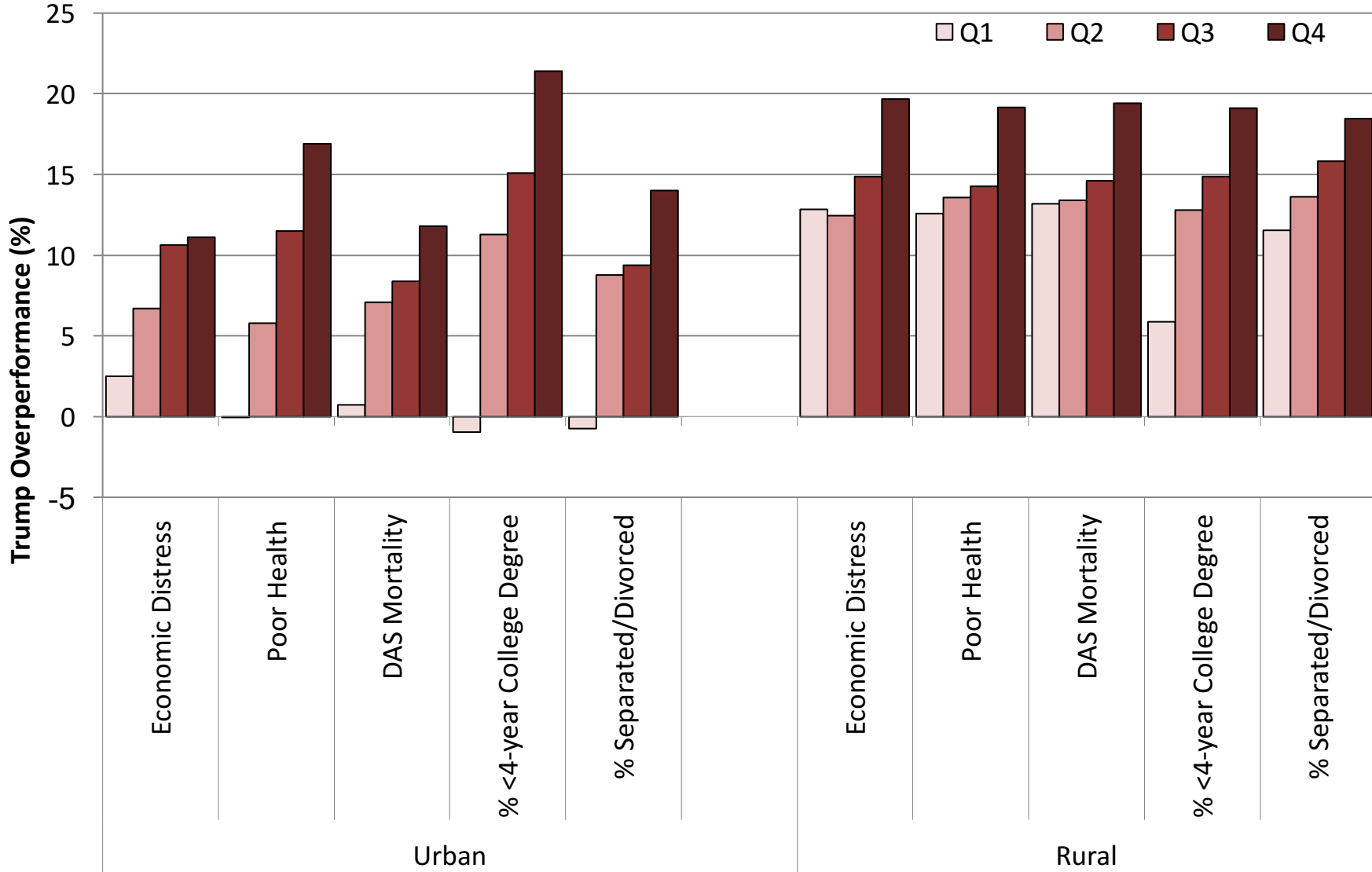
~ CCA 2010 ANNUAL REPORT

# The Dual Economy and Trump



Trump (16) vs. Romney (12) county vote share

# The Dual Economy and Trump



DAS = drug, alcohol, suicide