

INDIANA'S EDGE ON MISSISSIPPI?

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This paper offers a comparison of Indiana and Mississippi in a few economic and demographic dimensions. But first two cautions:

First, I am a dataphile. I don't just like data, I need data to see.

It is easy to see individuals (the trees). Contemporary journalism (for example, the Wall Street Journal) believes the only way to understand an issue is to personify the larger picture with the story of a single person, family or town.

But how does one see aggregates (the forests) of people: physicians, plumbers, and prostitutes? Retail trade, housing developments, states or nations?

Data, to the dataphobe, are anathema to understanding. Sales tax collections are incomprehensible to those with numeric disabilities. To the dataphile, those data signify the ringing of cash registers throughout the land.

However, all data contain contaminants - - elements that lessen the purity, the accuracy, the truth being told by those data. Yet, just like the water in your home has "foreign matter," data with some known impurities is generally safe to consume.

Today, I offer you data, served with relish and passion, and beg you to focus on the story they tell, rather than nitpicking at the edges with questions about data you may have picked up from PBS or Fox News.

Second, some may question the question: Does Indiana have an edge on Mississippi? Most would say the question is a straw man. The answer is so obvious that to raise the question is an insult to both states and to our collective intelligence. Yet, others will stroke their chins while questioning the metrics as well as the ineffable qualities of existence.

I can only reply, soon, very soon, Democrats and Republicans, will gather in their respective conventions, will listen, as will we all, to orator after orator declaring the greatness of each of our states. They will do so to maintain a tradition and to promulgate a disquieting myth that this nation contains only great states, and that all states, like all persons, were created equal.

Now, if you will, my essay, a chopped salad of trivia for some, a well-marbled steak for others:

Physical characteristics:

Indiana is in the North, while Mississippi is in the South. Most of Indiana drains into the Wabash and Ohio Rivers, thence onto the Mississippi River. We teach our children that the children of the South drink the waters we discharge daily, and that Mother Nature delivers those waters to the Denizens of Dixie.

Indiana was admitted to the Union as the 19th state on December 11, 1816. One year later, on December 10th, 1817, Mississippi became the 20th sovereign state of the United States.

This juxtaposition of admission has led Hoosiers to a paroxysm of paranoia. They dread comparison to this Johnny-come-lately of a state, this Mississippi.

Today, Mississippi has 31% more land area, but Indiana has 45% more population. This gives us a population density of 186 persons per square mile, nearly three times Mississippi's density of 63 persons per square mile. Some will tell you that civilization is based on density.

Hoosiers know our highest elevation is 1,257 feet on Hoosier Hill in Wayne County, near the Ohio border. Mississippi's highest point above sea level is Woodall Mountain, attaining a measly 807 feet in Tishomingo County, the northeastern corner of Mississippi, adjacent to both Alabama and Tennessee.

And right here we see the finer aspects of Hoosier humility. We, with modesty, name our highest point a **hill**, hidden away discreetly in a farm field. Megalomaniacs of Mississippi describe their pimple on the earth as a **mountain**. Despite the fact that our highest elevation rests 56% higher than theirs, we engage in no snickering nor defamation of Mississippi concerning this indisputable fact.

Population

The Census of 1800 reported a population of 7,600 persons in Mississippi and 2,600 in Indiana, a difference of 5,000 persons. However, when the 1820 Census was taken in the 23 states, Indiana had surged ahead with a population of 147,000, nearly double the number for Mississippi.

These figures include slaves, counted as three-fifths of a person as specified by the Constitution. In 1800, Indiana officially recorded 237 enslaved persons while Mississippi had over 14,500. Twenty years later, both now full-fledged states, Indiana reported only three slaves and Mississippi had 65,700 in captivity.

Clearly, the paths of the two states were diverging rapidly.

Yet, if we follow those 23 states from 1820 to the latest Census in 2010, over that span of the next 190 years, Indiana and Mississippi had almost identical population growth rates: Indiana at 2.01% per year and Mississippi at 1.95%. They were only six one-hundredths of a percentage point apart.

Those two states came in second and third behind the leader (Illinois at 2.9%) for population growth in the 1820s. They earned the silver and bronze medals in the population Olympics for the 1820s.

In 1820, Indiana was the 18th most populous of 23 states in the Union; by 2010, Indiana advanced to 15th place among 50 states. Meanwhile, Mississippi fell from the 21st ranking to the 31st position.

How did this happen? Two states, adding population at virtually the same rate over 190 years, starting off only three places apart in a ranking of states, wind up separated by 13 places.

As with so much in life, a generous early endowment explains the differential observed many years later. Indiana started with a population nearly double that of Mississippi in 1820. Then in the 1820s, Indiana grew by an

average annual rate of 8.8% compared to Mississippi's growth of 6.1%.

It did not matter that from 1830 to 1940 Mississippi out-performed Indiana in the population growth races. Through the Civil War, its build-up and consequences, right through WWI and the Great Depression, Mississippi had an average annual growth rate of 2.6% compared to 2.1% for Indiana. Compound growth over 110 years did not overcome the advantage of Indiana's starting population and its growth compared to Mississippi in the 1820s.

WWII and its aftermath worked to Indiana's advantage. Military production during the war, followed by federal domestic expansionary policies benefited the North and Indiana far more than the South and Mississippi ... at first.

In the '40s, '50s, and '60s of the 20th century, the North and Indiana had the infrastructure for success. The people who had fought the war returned to live and work in those places that had won the war.

In the North was America's productive power. Skilled people were in the North. They were able to use an extensive highway and rail network linked to the factories of the North. Great universities were in the North. As they produced for WWII, so did those factories and those universities produce the housing, schools, televisions, trucks, autos, managers, scientists, and physicians demanded by a young adult population.

But the federal policies and that great Northern capacity for production of the '50s, paid big benefits for the South. Electric power, of the Depression era TVA, gave

the South the advantage of lower electric rates for new manufacturing capacity. That same power, applied to air conditioning, made life in the South healthier and more pleasant. Improvements in public health practices made the general population more productive and children better learners. Most notably, federal aid to highway construction, including the interstate system, bonded with the construction and development of airports, made the South more competitive with the North.

Finally, industrial unions were at a disadvantage because Southern labor knew little of, or took for granted, the great strides already made by Northern labor in improving wages and working conditions during the '30s, the '40s and the early '50s. Northern companies looked South to regain the dominance over labor they enjoyed in a mythical past.

Thus, did Mississippi's attraction improve in the '70s, '80s and '90s of the 20th century. Not only did companies diversify geographically into the South, but their retired workers, with their good union pensions, left South Bend, Fort Wayne and other Northern cities for Southern comfort.

Whereas Indiana thrived in the '40's, '50s and '60s with a 1.4% annual growth in population, it fell to a 0.5% rate in the three following decades. Mississippi, by contrast, had a stagnating 0.1% annual growth rate from 1940 to 1970, then climbed to 0.8% in the final 30 years of the 20th century.

Nothing to date has offset the initial population and growth advantage Indiana enjoyed over Mississippi during its first decade of statehood.

Economic performance

Within the past 20 years or so governments have latched onto Per Capita Personal Income (PCPI) as a measure of economic well-being. Personal Income includes more than just wages and salaries. It includes dividends, interest and rent (received and imputed), as well as government insurance and income maintenance programs (Social Security, Unemployment Compensation, Medicare, Medicaid, to name a few).

Because Mississippi entered the Great Depression with a PCPI at just 40% of the national average, these programs and other developments have benefited Mississippi residents more than they have raised the PCPI for Hoosiers. Mississippi moved from that 40% level to 80% of the U.S. level in 2018.

Over the same 89 years (1929 to 2018), Indiana's PCPI, relative to the nation, reached a high of 104% in 1953, but stood in 2018 at precisely the same level as in 1929: 86.6% of the nation's PCPI. Of course, Indiana has made progress, but relatively speaking, we are standing still.

A different economic measure, Gross Domestic Product (GDP), attempts to identify the market value of all goods and services produced in a given place (a nation, state, or county).

Of course, we don't take GDP at its face value, we adjust it for inflation, and then proudly proclaim that number as Real GDP. Because Real GDP is very highly

correlated with population size, we give attention to changes in Per Capita Real GDP.

Although most other measures are secondary to this number, we nonetheless focus on the unemployment rate, the number of jobs, and the compensation of employees. I'll not do that for lack of time and the limits of your attention span.

Between 1997 and 2018, Per Capita Real GDP rose in the U.S. by 1.44%. Only 15 of the 50 states exceed that national average. Neither Indiana nor Mississippi did so.

Indiana over those 21 years sported an annual average of 1.15% growth or 27th place among the states. Mississippi during that same period posted a 0.68% average, landing in 44th place.

With the December 2019, first-time release of Per Capita Real GDP for counties, we find, between 2008 and 2018, 20 of Indiana's 92 counties experienced a decline in this new important measure. For Mississippi, in 2018, 49 of 82 counties fell below their 2008 level. This sad condition was found in 22 percent of Indiana counties, but in 68 percent of Mississippi counties.

Residential movers

America is a nation of open borders. Let me qualify that before any of you rise in protest. We have open internal, domestic borders for the movement of people between states, (not necessarily of agriculture products).

The reasons for cross-border changes of residence are many. Some people move for economic and some for family reasons. There is often a mother-in-law factor - -

either to be closer or further away. Still others move for education or just fulfillment of a curious itch.

A few decades back, most movement was for jobs, either looking for work or as a relocation within the same company. The military also had major numbers of people moving domestically as a routine matter.

Today, corporate and military moves are of lesser importance, with little change in job seeking moves. College and retirement moves are of greater consequence than in the past.

In 2018, the Census Bureau estimates that 7.6 million persons or just 2.3% of our total U.S. population, lived in a different state one year earlier. For Indiana those figures were 145,300 (2.2%) and for Mississippi 68,000 (2.3%).

Most moves are between adjacent states. Indiana had 47,800 persons crossing our border with Illinois. Of those, one-third were moving into the Hoosier Holyland, but two-thirds were leaving. Ohio, Michigan and Kentucky, in that order were the next most frequently crossed borders. We lost residents to Ohio but gained from Michigan and Kentucky.

Mississippi had similar experiences. The leading states for in- or out-migration, to or from Mississippi, were Tennessee, Louisiana, and Alabama.

The exchange between Indiana and Mississippi was estimated to be 4,000 persons, with 2,900 moving north to Indiana and 1,100 south to Mississippi. Surprisingly, Indiana ranked second in net out-migration from Mississippi, behind only Louisiana. That movement north also ranked fifth in net in-migration to Indiana.

Why Indiana should hold such an attraction for persons in Mississippi is a matter of speculation. The data, over a period of time longer than a single year, could be quite different. Oddities are rarely news-worthy and generally have little more than ah-ha value.

Social factors

While Indiana is slow to accept change, Mississippi resists change. Mississippi lays claim to the Blues, the lament of humanity suppressed by circumstances; Indiana has offered the world insulin to offset the diabetes which has some of its origins in behavior leading to or from the Blues.

Mississippi often ranks at the bottom among the states in health, income, education and other key elements of civilization, Indiana is not far behind. Witness: the CDC ranks Mississippi #1, Indiana #8 in obesity.

It is conceivable that climate change will make Indiana more like Mississippi in the coming decades. Our few cultural advantages are no barrier to the deleterious and demoralizing effects of warmer weather.

Conclusion

People are the most important aspect of economics. People make the deserts bloom, invent the tools that enable the artists, and consume gallons of ice cream.

Indiana has given the world eight Nobel prize winners (including two economists from Gary). Mississippi has only

one Nobel winner, William Faulkner, whose novels have depicted a South in which few would want to live.

Mississippi gave us Elvis Presley, but Indiana gave us Cole Porter. Those facts alone award the edge to Indiana.

May it be our good fortune to maintain that advantage in these erratic times.