

AD 421: 2001 New Hampshire

Progress:

The impact of a once dominate industry in a chiefly rural county, Coos, New Hampshire was estimated. Ownership changes of “the paper mill” always raised concern about the continuing viability of the plant and the related employment and procurement of local wood inputs. Results of this study showed that the county economy is more diversified than commonly thought. Coos county is a county of contrasts. It is the largest of New Hampshire’s 10 counties by land area, 20% of the State, and the smallest by population, 3% of the State, and the lowest per capita personal income, \$24,303, which is 78% of the State average. The industrial employment mimics the State in terms of the three largest sectors, services, retail trade, and public administration. Next is non-durable manufacturing, ranked eighth in the State, with paper and allied products being the largest in that sector employing 71%. In terms of earnings, services again lead the way, however, non-durable manufacturing is second as compared to seventh in the State. Paper and allied products comprise 83% of the earnings in this sector. Even though the Coos County economy is diversified, two industries play a much larger role than they do in the State’s economy. This dichotomy is for paper and allied products and lumber and wood products. In 1960, paper and allied products accounted for 45% of the Coos County employment and 54% of the earnings, compared to 5% and 6% respectively for the State. In fact, paper and allied products employed 50% of the Coos County work force in 1957. By 1999, employment was down to 9% with earnings also down to 17%, compared to 0.6% and 1% respectively for the State. Lumber and wood products, though not as dominate as paper and allied products, is still important to Coos County. Employment in 1999 represents 3.5% versus 1% for the State and earnings represent 4% versus 1% for the State. Type I and Type II output and employment multipliers were estimated on a county level. A \$1 increase in output in the pulp and paper industry is associated with between \$0.34 to \$0.59 additional output in Coos County. Further, an increase of one employee in the pulp and paper industry is associated with between .58 and 1.33 additional employees in Coos County. The eight most impacted sectors by a change in the output in the local pulp and paper industry are retail trade, real estate, wholesale trade, wood products, motor freight, and utilities.

Impact:

State and local agencies concerned about a possible plant closing could make use of these findings when considering alternative policies, including subsidization on the current existing plant or attracting alternative industries.

Publication:

Farrigan, Tracey L., John M. Halstead, Martin L. Shields, Douglas E. Morris, and Edmund F. Jansen, Jr., Anatomy of a Community-Level Fiscal Impact Model: FIT-4-NH, *The Review of Regional Studies*, 31:13-38.