



## Border states have a ‘Dagnet’ for Kentuckians and their money

By Jim Waters

The 1960s TV series “Dagnet” featured Detective Joe Friday, known for uttering the line, “Just the facts, ma’am.”

When it comes to the plight of the state, Kentuckians need just that – the facts.

So here they are: Economic “facts” [released recently](#) by the Western Kentucky University Center for Applied Economics tell a sobering tale: Kentucky lags behind most of its [neighboring states](#) in some very important areas.

One key indication that Kentucky’s [failing education system](#) contributes to its economic sluggishness is the fact that the commonwealth remains heavily dependent on a manufacturing economy. The center’s report — citing Bureau of Economic Analysis numbers — concludes that Kentucky is “[59 percent more dependent on manufacturing than the national economy.](#)”

Now, this doesn’t mean I’m joining forces with free-trade opponents who wrongly decry our nation’s manufacturing prowess. In terms of productiveness, America’s manufacturing sector has never been stronger.

However, Kentucky needs a more diverse economy. Unless it improves its education system, including graduation rates, it’s likely that many “Information Age,” high-technology jobs will bypass Kentucky.

Gov. Steve Beshear’s administration failed in its effort to raise the legal dropout age during this year’s Kentucky General Assembly session. It would force kids to stay in school until age 18. But a law can’t force youngsters to *want* the education needed to excel in the high-tech workplace any more than a seatbelt mandate can *make* drivers safer.

The center’s report shows that Tennessee’s economy grew at a 1.4-percent rate per year higher than Kentucky’s during the decade from 1997 to 2008. It doesn’t sound like much, but it added up to 16-percent growth in Gross State Product, a state’s key indicator of economic improvement.

“This difference (in growth) is enough to cover the difference in per capita income in Kentucky (\$29,000) and Tennessee (\$33,000),” WKU economists Stephen Lile and Brian Goff conclude in their report.

Keep in mind, we’re not comparing apples with coconuts. As the researchers note, Kentucky shares a 350-mile border with Tennessee, both states are similar in size, geographical features and have historical/cultural similarities.

Because they share so much in common, “Kentucky’s lagging performance relative to Tennessee ‘jumps out,’” they wrote.

That’s economist-speak for: “It matters.”

These aren’t new issues or challenges, either.

Since 1966, the commonwealth's "aggregate personal income" dropped from being 86 percent of Tennessee's to only 64 percent.

Not only does Kentucky lag in income, the report shows a declining population compared to Tennessee's. During the past 45 years, Kentucky's population dropped from 82 percent to 70 percent of the Volunteer State's population. The three largest population outflows: from Christian, Allen and Calloway counties in Kentucky to Montgomery, Macon and Henry counties in Tennessee.

These "facts" make Frankfort's "PR Spinmeisters" cringe. But the truth is people vote with their feet, and the report's analysis of the data doesn't lie: "Over three times as many people moved to Tennessee as moved to Kentucky between 2000 and 2005."

Finally, the report notes that [government provided more of Kentucky's economic activity](#) than all surrounding states with the exception of Virginia and West Virginia, both of which have large federal agencies.

Bottom line: The private sector in Kentucky creates less economic activity than government.

While there may be many reasons for this, "What it does reflect is that Kentucky has adopted more of a rust-belt model, more of an Ohio or Michigan approach to economic development as opposed to the Southeast model," Goff said. "But it's the Southeast model that's growing."

Beshear spends a lot of time bragging that his administration has saved \$1 billion — without sufficient facts.

Fact is, Kentucky is losing a lot of money and people, and that's nothing to brag about.

"Just the facts, gov."

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