

Crossroads

ECONOMIC TRENDS IN THE DESERT SOUTHWEST

Low-Wage Occupations Remain a Hallmark of El Paso Economy

El Paso has followed national trends in job growth with a steady shift of employment out of manufacturing and into services. It has been a sometimes painful transition for the city, with the number of manufacturing jobs cut nearly in half, from 41,100 to 22,100, between 1990 and 2006. Losses were concentrated in traditional economic mainstays such as textiles, apparel and leather goods.

Meanwhile, services have grown to make up 82.9 percent of private jobs in El Paso, up from 69.7 percent in 1990. Indeed, service-sector employment has risen fast enough to keep the city's private-sector job growth close to national trends since 1990, at annual rates of 1.3 percent versus 1.5 percent for the U.S.

The transition to services, however, has not brought improvement in one key indicator of economic progress. A city's per capita income is often seen as a good measure of relative economic welfare, in comparison with either the U.S. average or other metro areas. The rate of economic progress is sometimes measured by making this comparison over time, with an expectation that poor areas will move closer to the national average.

El Paso's income level is disappointing—standing at only 67 percent of the U.S. average in 2005 (Texas was at 94 percent). So is its lack of sustained progress toward U.S. norms. El Paso was at 64 percent of the U.S. average in both 1995 and 1980. It is a poor city that has made little progress in closing the gap between itself and the rest of the state and the nation.

This lack of progress in relative per capita income can be examined from many directions: the mix of high- and low-wage industries in the city,

Mexico Regulatory Change Redefines Maquiladora

See page 6

Table 1
Per Capita Income Among El Paso's Peer Cities, 2005

	Per capita income (dollars)	Rank	Adjusted for cost of living	
			Per capita income (dollars)	Rank
Raleigh, N.C.	47,900	1	51,066	1
Albuquerque, N.M.	43,810	2	45,305	5
Little Rock, Ark.	43,761	3	45,919	4
Tulsa, Okla.	43,528	4	47,992	3
Knoxville, Tenn.	43,392	5	49,591	2
Charleston, S.C.	43,180	6	44,562	7
Greensboro, N.C.	43,095	7	*	*
Columbia, S.C.	42,567	8	44,760	6
Baton Rouge, La.	42,344	9	41,473	10
Greenville, S.C.	42,313	10	44,494	8
Sarasota, Fla.	40,670	11	38,476	11
El Paso, Texas	37,440	12	41,926	9
McAllen, Texas	30,761	13	37,017	12

*ACCRA data unavailable in 2005.

SOURCES: Bureau of Economic Analysis; Council for Community and Economic Research, ACCRA Cost of Living Index; Bureau of Labor Statistics; authors' calculations.

cities from 1999 to 2005. Overall, the peer cities saw real wages and salaries grow at annual rates of 2.7 percent, compared with 2.3 percent for the U.S. During this period, job growth was relatively weak and the contribution of gains in real wages and salaries per worker dominated the growth of total wages and salaries—except in the two border cities. In El Paso and McAllen, we see bigger contributions to income from job growth than rising wage rates.

Note the very different paths to growth taken by El Paso, McAllen and Albuquerque. McAllen employment rose at a remarkable 4.6 percent annual rate, and while El Paso and Albuquerque trailed McAllen, both grew faster than the U.S. or peer-city averages at 1.3 and 1.2 percent per year, respectively. McAllen and Albuquerque registered increases in real wages per worker that also exceeded the U.S. and peer-city averages, while El Paso lagged far behind all areas in its ability to raise real wages per worker. In fact, what sets El Paso apart in these comparisons is the slow growth in compensation per worker.

Occupational Pay and Mix

El Paso's problem in recent years has been less one of job creation and more one of rais-

the low educational achievement level of the workforce or the sustained out-migration of high achievers. This article focuses on only one manifestation of a low-wage economy: the city's occupational mix compared with the U.S. and peer cities. El Paso jobs are concentrated in low-wage occupations, and these jobs pay poorly compared with similar jobs in cities of comparable size and geography.

Per Capita Income and Wages

Table 1 compares per capita income in El Paso with 12 peer cities, selected on the basis of similar population size (600,000 to 1 million) and a common Southern or Southwestern location. Neighboring Albuquerque, N.M., and fellow Texas border city McAllen have particular relevance among these comparisons. Cities are ranked by per capita income level, with Raleigh, N.C.; Albuquerque; and Little Rock, Ark., at the top of the list and El Paso and McAllen at the bottom. Adjusting for the cost of living, using the Council for Community and Economic Research's ACCRA index, does little to change El Paso's or McAllen's position relative to the

other medium-sized cities or the conclusions of this article. As a result, the cost-of-living adjustment is not used in the rest of this analysis.¹

Per capita income is personal income per person, made up of wages and salaries, proprietors' income, property income (rent, interest and dividends) and government transfers. The dominant factor determining the local income level is almost always wages, salaries and employer-paid benefits per worker. Table 2 shows progress in the growth of wages, salaries and benefits per worker among all U.S. metropolitan areas and the selected peer

Table 2
Increases in Real Wages, Salaries and Benefits per Worker, 1999–2005

	U.S. metros	Peer cities	El Paso	McAllen	Albuquerque
Real wages per worker 1999	\$47,387	\$38,702	\$29,408	\$23,243	\$39,347
Real wages per worker 2005	\$51,877	\$42,533	\$30,913	\$24,830	\$43,269
Percent of U.S. average 2005	100	82.0	59.6	47.9	83.4
Annual percentage increase					
Nominal wages	4.5	4.9	4.6	8.9	5.4
– Inflation	2.2	2.2	2.2	2.2	2.3
= Real wages	2.3	2.7	2.4	6.8	3.1
– Employment	.5	.9	1.3	4.6	1.2
= Real wages per worker	1.7	1.9	1.1	2.2	2.0

NOTES: Real wages are in 2005 dollars; percentage changes may not add up due to rounding.

SOURCES: Bureau of Economic Analysis; Bureau of Labor Statistics; authors' calculations.

ing worker wages to the level of other peer cities. Table 3 looks at this problem from the perspective of occupational mix. It shows 22 occupations for the group of peer cities in 2005, ranked by pay level and divided into seven high-paid, seven medium-paid and eight low-paid occupations.² The differences in peer-city average pay are shown for El Paso, McAllen and Albuquerque. Neither El Paso nor McAllen does well in the comparison. El Paso pays higher wages than average in only five of 22 categories, while McAllen pays more in only three. Albuquerque, in contrast, pays higher wages in 12 of 22 occupations, including five of the top seven.

How many employees fall into each category of high-, middle- and low-paid occupations? Table 4 shows concentration ratios for the peer cities overall and for El Paso, McAllen and Albuquerque.

Concentration ratio is defined as the percentage share of an occupation in the city divided by the percentage share of that occupation in the U.S. The dividing line for this calculation is 1, with values greater than 1 indicating that a city is overrepresented in an occupation compared with a typical place in the U.S. and values less than 1 indicating that it is underrepresented.

Table 4 shows that these medium-sized Southern and Southwestern cities are not magnets for the highest-paid occupations, with only management and health care practitioners overrepresented among the best-paid occupations. As a group, these cities fall significantly short of U.S. averages in computers and math, business and finance, the sciences, the arts and farming. They exceed the U.S. by a significant margin in construction and extraction, installation and repair, and health care support. Their bread and butter in terms of occupational mix lies mainly in

the bottom half of the table.

If the group of peer cities focuses its collective energy in the bottom half of the table, it is even truer for El Paso and McAllen because they are more heavily represented in the lowest-wage occupations. Albuquerque has strong positions among the highest-paid occupations, especially legal, architecture and engineering, sciences and health care practitioners. Tables 3 and 4 combined tell us that Albuquerque pays higher wages and salaries than peer cities in more than half the occupations and does a better job of concentrating workers in these well-paid positions.

A simple way to summarize the results is to look at the

El Paso's transition from manufacturing to services was a move from one group of low-paid occupations to another.

Table 3
Average Wages by Occupation:
El Paso, McAllen and Albuquerque vs. Peer Cities, 2005 (Dollars)

	Peer cities	Difference from peer cities		
		El Paso	McAllen	Albuquerque
Management	76,539	-5,319	-5,579	-839
Legal	69,435	6,525	-10,535	-5,105
Computers and math	55,581	-3,291	-9,251	7,989
Architecture and engineering	55,568	-6,068	-12,468	9,342
Business and finance	49,310	-160	-7,980	1,660
Life, physical and social science	49,876	-2,976	-7,476	8,304
Health care practitioners	55,558	6,112	1,662	2,792
Arts, entertainment and media	36,792	-4,972	-7,402	-542
Education, training and library	37,321	1,719	-1,361	2,609
Community and social services	34,555	3,345	2,665	-1,235
Construction and extraction	29,925	-6,275	-7,815	565
Installation, maintenance and repair	33,980	-3,610	-7,880	1,320
Protective services	30,075	4,745	715	-225
Sales and related	29,146	-5,106	-7,386	-706
Office and administrative support	26,543	-2,523	-4,443	467
Production	28,072	-6,722	-6,392	218
Transportation and material moving	25,635	-3,025	-5,895	2,715
Health care support	21,492	-2,222	-4,762	2,008
Personal care and services	18,728	-3,608	-4,848	-318
Building and grounds	18,900	-2,450	-2,440	-750
Farming, fishing and forestry	21,103	-5,343	-7,793	-2,973
Food preparation and serving	16,065	-1,105	-1,345	-685

NOTES: Shading indicates that Albuquerque pays a wage premium in many more occupations than El Paso or McAllen. Values are not adjusted for cost of living.

SOURCES: Bureau of Labor Statistics, Metropolitan Area Occupational Employment and Wage Estimates, May 2005; authors' calculations.

Table 4

Concentration Ratios by Occupation: El Paso, McAllen and Albuquerque vs. Peer Cities, 2005

	Concentration ratio			
	Peer cities	El Paso	McAllen	Albuquerque
Management	1.04	.77	.70	1.06
Legal	.94	.64	.62	1.26
Computers and math	.80	.45	.22	.84
Architecture and engineering	.96	.61	.27	1.87
Business and finance	.80	.61	.45	.83
Life, physical and social science	.84	.41	.43	1.09
Health care practitioners	1.05	.91	1.04	1.08
Arts, entertainment and media	.80	.63	.46	.86
Education, training and library	.97	1.38	1.75	.95
Community and social services	.93	.81	.83	1.22
Construction and extraction	1.09	.83	.79	1.40
Installation, maintenance and repair	1.11	1.07	.88	1.04
Protective services	1.04	1.64	1.29	1.13
Sales and related	1.01	1.04	.99	1.06
Office and administrative support	1.00	1.01	.96	.96
Production	.99	1.04	.58	.53
Transportation and material moving	1.02	1.21	.94	.78
Health care support	1.07	.84	2.02	.96
Personal care and services	.98	1.28	2.90	1.20
Building and grounds	1.00	.87	.91	1.15
Farming, fishing and forestry	.76	.40	4.92	.37
Food preparation and serving	1.04	1.13	1.08	1.12

NOTE: Shading indicates occupations in which cities have a high concentration ratio (the percentage share of an occupation in the city divided by the percentage share of that occupation in the U.S.).

SOURCES: Bureau of Labor Statistics, Metropolitan Area Occupational Employment and Wage Estimates, May 2005; authors' calculations.

share of employment by city in the seven highest-paid occupations (Table 5). Raleigh (24.4 percent), Little Rock (21) and Albuquerque (20.9) stand at the top of the list. A ranking of the eight lowest-paid occupations shows El Paso is No. 4 (52.5 percent) and McAllen No. 2 (54.3), compared with a national average of 49.7 percent. Low-wage workers in Albuquerque make up only 45.4 percent of the workforce.

Three Cities Compared

The occupational tables show El Paso's transition from manufacturing to services was a move from one group of low-paid occupations to another. El Paso can no longer count itself as a manufacturing city. Factory jobs made up only 10.8 percent of private employment in El Paso last year, less than the 12.1 percent U.S. average. Services grew to 82.9 percent of private employment, higher than the U.S. share. The city's new service jobs, however, remain concentrated in low-wage occupations.

Albuquerque, in contrast, has had significant success in building a knowledge-based economy by capitalizing on the presence of government facilities like Sandia National Laboratories. Albuquerque used these jobs to build an initial pool of highly trained and qualified workers in math, science and engineering. This, in turn, attracted tech-oriented companies to the city to produce semiconductors, aircraft, aircraft avionics and engines, medical instruments and electrical equipment, adding to a workforce with one of the highest levels of Ph.D.'s per capita in the nation. Momentum in these industries was slowed by the 2000–01 tech bust, but the footprint of these skilled jobs remains clear in Albuquerque's occupational mix. Even with the tech downturn, job growth in Albuquerque nearly matched that of El Paso.

McAllen stands at the other

Table 5

Employment in High- and Low-Wage Occupations for El Paso and Peer Cities, 2005 (Percent)

	High wage		Low wage
Peer city average	18.4	Peer city average	50.1
National average	19.5	National average	49.7
Raleigh	24.4	Greensboro	55.5
Little Rock	21.0	McAllen	54.3
Albuquerque	20.9	Greenville	53.6
Columbia	20.3	El Paso	52.5
Knoxville	20.2	Sarasota	52.5
Tulsa	20.1	Knoxville	50.9
Baton Rouge	19.5	Columbia	50.5
Charleston	18.8	Tulsa	50.4
Greenville	17.0	Charleston	50.0
Greensboro	16.2	Little Rock	49.3
Sarasota	15.3	Baton Rouge	45.7
El Paso	13.7	Albuquerque	45.4
McAllen	12.2	Raleigh	40.9

SOURCES: Bureau of Labor Statistics, Metropolitan Area Occupational Employment and Wage Estimates, May 2005; authors' calculations.

end of the wage and occupational spectrum, with rapid job growth fueled by an ample supply of low-wage labor that in recent years has increased the concentration of local employment in low-wage occupations. McAllen might be described as much like El Paso but without El Paso's heavy losses in manufacturing employment.

McAllen's job growth has been shared by fellow Texas border towns Laredo and Brownsville, helped by the North American Free Trade Agreement and growing cross-border trade due to the maquiladora industry and by financial stability and growth in Mexico. These trends have also been seen in El Paso, but the other border towns have an additional advantage due to their locations between the Texas Triangle, formed by the state's largest cities, and Monterrey, an important industrial center for Mexico. El Paso is twice as far as the other border cities from the Texas Triangle—the state's economic engine. This has been a handicap as low-wage labor has become scarce elsewhere in the state in recent years and businesses have turned first to cities closer to the Triangle.

The key to moving up the occupational ladder is preparation through education and experience. This is as true collectively for a city or metropolitan area as it is for an individual. The role of education is starkly visible in Table 6, which shows the educational attainment of those 25 years and older in the metropolitan areas under discussion.

Looking at the percentage of the population with college training, for example, we find Albuquerque well above the national norms for those who have attended some college, as well as for those who received bachelor's and advanced degrees. El Paso and McAllen fall far short of the U.S. standard in all categories.³ El Paso's inability to better capitalize on the fac-

tory-to-services shift and bring in higher-paying occupations is based squarely on the poor educational achievement of its labor force. McAllen's recent income and employment gains—remarkable as they were for the number of jobs created in recent years—have also been due to the expansion of low-wage jobs rather than a move up the occupational ladder.

The occupational and educational data suggest that a return to the basics—building a more highly educated and better trained workforce—is the key to raising wages in El Paso and McAllen.

—Jesus Cañas
Robert W. Gilmer
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Notes

¹ This is in contrast to marked differences in the cost of living for the nation's largest metropolitan areas. See "Income Growth Shows Houston's Economic Strength and Maturity," by Robert W. Gilmer and Charles L. James, Federal Reserve Bank of Dallas *Houston Business*, December 2006.

² Data on the occupational distribution and wages paid by metropolitan area recently became available for 2006 but show no changes that would significantly affect the conclusions of this article. We left Tables 3 and 4 with 2005 data to better match the personal income data for 2005 shown in Tables 1 and 2. The 2005 personal income data are the latest available for that data set.

³ The other two Texas border cities—Laredo and Brownsville—have educational attainment similar to that of McAllen.

El Paso's inability to better capitalize on the factory-to-services shift and bring in higher-paying occupations is based squarely on the poor educational achievement of its labor force.

Table 6
Educational Attainment by Metropolitan Area (Percent)

	High school diploma	Some college	Bachelor's degree	Advanced degree
Albuquerque	24.1	30.0	18.4	13.4
El Paso	22.6	21.6	11.0	5.6
McAllen	20.3	14.4	8.4	4.5
United States	28.6	27.4	15.5	8.9

SOURCE: 2000 census.

Mexico Regulatory Change Redefines Maquiladora

As the maquiladora and PITEX programs began to merge in terms of their economic role, the question naturally arose as to why maquiladora data should be reported separately.

Mexico is significantly reorganizing how it regulates its export-oriented industry. Notably, it is merging the maquiladora program with a large program for resident Mexican companies, an explicit recognition that the maquiladora in the post-North American Free Trade Agreement (NAFTA) period can no longer be distinguished from these domestic companies in economically meaningful ways.

The maquiladora name will be retained even though the plants will no longer have a separate identity. But regulatory changes call for data to be reported only for the combined program. This will disrupt data collection and reporting on maquiladora activity, making it difficult for analysts to interpret manufacturing trends for the next several years.

Why a Merger?

The maquiladora program began in the 1950s as a simple “twin-plant” concept. U.S. manufacturing companies would estab-

lish capital-intensive operations on the U.S. side of the border, move goods to Mexico for labor-intensive assembly or other processing, and return assembled goods to the U.S. for final sale. The raw materials moving into Mexico were free from customs duties as long as they were returned to the U.S. in assembled form within a fixed period. U.S. tariffs applied only to the value added by assembly.

The maquiladora has grown into a large and essential part of Mexico’s employment, production and foreign-exchange earnings. Today’s maquiladoras don’t just bring in raw materials on a temporary basis; machinery, instruments, tools and replacement parts used in production enter duty-free for the life of the program. Maquiladoras also have shifted from their industrial roots and now operate call centers or provide services in engineering, coupon processing and electronic repair. Several sub-maquiladoras may provide complementary services under a single authorization.

What is a maquiladora today? As it has evolved from the twin-plant concept, the only sure answer is that it’s a nonresident company operating within the maquiladora regulatory program under the Ministry of the Economy. This definition becomes more appropriate today as the maquiladora moves toward merger with an export-oriented program for resident Mexican companies known as the Program for Temporary Imports to Promote Exports (PITEX).

The Ministry of Economy, which also regulates PITEX, deemed it convenient to merge the maquiladora and PITEX programs into a new program, Maquiladora Manufacturing Industry and Ex-

Table 1
Mexico’s Manufacturing Exports and Imports
(Billions of U.S. dollars)

	2000	2005
Exports	143.3	174.5
Maquiladoras	79.5	96.8
PITEX	53.9	52.3
Other	9.9	25.5
Imports*	133.6	163.5
Maquiladoras	61.7	75.1
PITEX	35.5	31.0
Other	36.5	57.4

*Intermediate imports only.

SOURCE: Secretaría de Economía,
<http://www.siicex.gob.mx/portalSiicex>.

port Services, or IMMEX Decree.

PITEX was created in 1990 to provide a platform for Mexican domestic operations to better compete with maquiladoras. Plants that invoiced 10 percent or more of their sales as exports could bring in raw materials duty-free but would have to reexport them as finished goods within a fixed time frame. Plants with 30 percent or more of sales as exports qualified to bring in duty-free machinery and equipment. Essentially, the “export services” part of qualifying Mexican plants received maquiladoralike benefits. Table 1 compares the size and growth of the PITEEX and maquiladora programs in recent years in terms of exports and imports.

The primary advantage of PITEEX over the maquiladoras was unlimited sales in the Mexican market. The original maquiladora program forbade domestic sales, but restrictions were slowly relaxed over the years. In 1990, NAFTA put the maquiladora industry on an annual schedule that, by 2001, allowed maquiladoras unlimited sales in the domestic market.¹ For several years, there has been

no significant difference between the customs status of maquiladoras and the “export services” of domestic plants operating within PITEEX.

It is this similar customs treatment that drives the logic of the IMMEX merger, but the combined programs share similar fiscal treatment. Mexican law requires a 28 percent tax on corporate income, net of expenses; a 15 percent value-added tax on domestic purchases of inputs or imports; and a 1.5 percent asset tax. The asset tax functions as an alternative minimum tax, with companies paying the higher of the income or asset tax.

Maquiladoras previously held an advantage over PITEEX in that they were exempt from value-added taxes. The new IMMEX program extends this exemption to export services of PITEEX plants. Differences persist in income taxes only to the extent that maquiladoras can certify they are foreign establishments under Mexican income tax law² and can qualify for safe-harbor provisions that require a 3 percent rate on either return

on assets or on income, net of expenses.³ The alternative minimum tax holds, however, for both PITEEX and maquiladora facilities.

The logic of the IMMEX Decree becomes inescapable because maquiladoras are given unlimited domestic opportunities and domestic plants are given the advantages of maquilalike export operations. The elimination of fiscal differences also solves a growing problem of companies switching programs, effectively shopping for the tax advantages that best fit their particular circumstances.

Table 2 shows the number of maquiladora and PITEEX plants in key states. By their nature, maquiladoras are concentrated in border states like Baja California, Chihuahua, Sonora and Tamaulipas, while the largest number of PITEEX plants is found in central states like México and Jalisco.

Data Issues

The fading distinction between maquiladoras and PITEEX operations had become an issue for data collection and reporting as well. Mexico’s chief statistical agency, Instituto Nacional de Estadística, Geografía e Informática (INEGI), has for many years reported Mexican manufacturing data in two categories—domestic and maquiladora. PITEEX operations were subsumed under domestic manufacturing and were never identified separately in past reporting.

As the maquiladora and PITEEX programs began to merge in terms of their economic role, the question naturally arose as to why maquiladora data should be reported separately—or at least apart from PITEEX. Further, as some companies began tax shopping and moving individual plants between the maquiladora and PITEEX programs, they were causing large month-to-month swings in regional and national data that were not related to underlying economic events.

Table 2
Number of Plants in Selected States

	Maquiladora	PITEEX	IMMEX
Baja California	901	246	1,147
Coahuila	224	177	401
Chihuahua	395	107	502
Distrito Federal	17	237	254
Durango	42	74	116
Guanajuato	38	186	224
Jalisco	98	275	373
México	26	380	406
Nuevo León	213	432	645
Puebla	58	217	275
Querétaro	30	185	215
San Luis Potosí	30	100	130
Sinaloa	8	164	172
Sonora	213	214	427
Tamaulipas	337	93	430
Veracruz	2	98	100
Yucatán	74	52	126
Selected states	2,706	3,237	5,943
Nation	2,795	3,620	6,415

SOURCE: Instituto Nacional de Estadística, Geografía e Informática.

As a result, INEGI became the executing arm of the IMMEX Decree, and the agency is reworking its manufacturing-reporting system. It stopped reporting maquiladora data effective March 2007. Maquiladora activity will be included as part of aggregated Mexican manufacturing beginning March 2008. Data for the combined subset of IMMEX plants (maquila plus PITEX) will be published at the same time.

The changes in data reporting will pose temporary problems for analysts who follow manufacturing developments in Mexico. One issue is the 12-month gap between maquiladora industry reporting and the new IMMEX series. This is important because maquiladora data were the only source of regional Mexican manufacturing data, providing insight into the economic status of states and cities along

Mexico's northern border. Publication of IMMEX data in 2008 will fill this gap and provide regional and industrial-sector detail similar to the old maquiladora series.

Another problem is that historical data won't be available when IMMEX data are published next spring. It will take several years to develop the information needed to separate cyclical, trend and seasonal components.

In the meantime, analysts can imperfectly fill the gap with data from Mexico's social security administration on employment by state and city⁴ and with anecdotal information collected from maquiladoras. Both of these indicators are currently pointing to a significant slowdown in the industry, emphasizing the importance of monitoring events closely.

—Jesus Cañas
Robert W. Gilmer

Notes

¹ NAFTA doesn't require the elimination of maquiladoras in two significant ways. One is unlimited access to the domestic Mexican market, discussed in the text. The other is a minimum domestic content requirement on goods to receive NAFTA tariff benefits. Assembly is not enough to qualify for these benefits; assembled parts can have no more than 7 percent non-NAFTA content.

² Certification in this context means that inventories and other goods supplied are from a foreign entity and are held for purposes of a maquiladora contract for assembly, processing or repair.

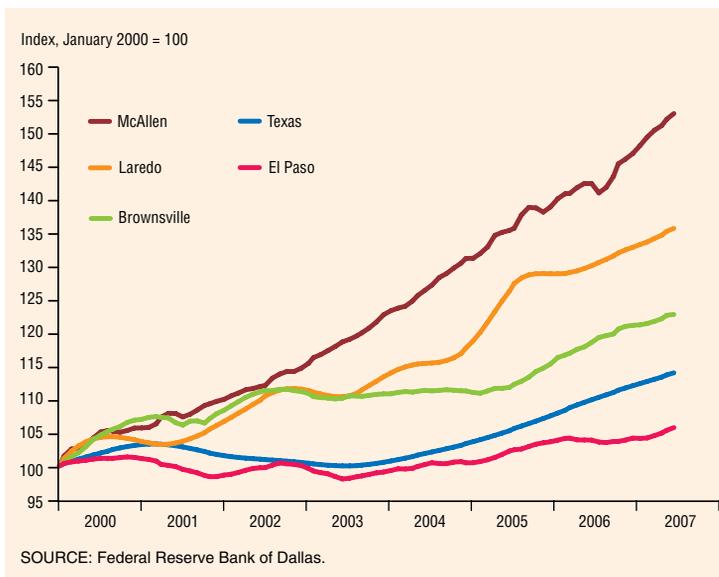
³ Until 2003, these rates were 6.9 percent of return on assets or 6.5 percent of net taxable income. The lower rates continue under IMMEX.

⁴ INEGI data are not collected by payroll or home establishment but by where the risk to workers' health and safety would be located. An accountant working from a downtown office but spending 90 percent of his time on construction sites is considered a construction worker. There is a strong correlation with historical data. For example, for the state of Chihuahua, monthly changes in employment data reported by INEGI and Mexico's social security administration have a correlation of 0.62.

Border Metros See Economic Growth

McAllen and El Paso were among Texas border metros posting healthy economic growth in July, according to the Dallas Fed's Texas Business-Cycle Index. McAllen's business-cycle index rose at an annualized rate of 10.1 percent, while El Paso's index climbed 3.5 percent. The Texas index, an aggregate measure of the region's current economic activity, increased 3.2 percent.

Business-Cycle Indexes: Texas and Border Metros



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Issue 1 • 2007

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