

OUR VIEW

## CHALLENGES REMAIN IN ECONOMY

While it was heartening to see a report this week from Moody's [economy.com](http://www.moody.com) that the Mankato region was emerging from a recession, the local economy remains exposed to certain risks of national and state trends.

While the diverse economy and low costs for housing and doing business were cited as advantages in the report, the area's once stable government sector is showing signs of distress. While Mankato has never been beholden to one large employer as in the company towns of the past, it has a high proportion of government jobs.

Around 10 percent of the economy in Blue Earth and Nicollet counties is tied to state government. Throw in 700 school district jobs and another 1,000 city and county jobs, the exposure to that sector becomes significant. The employment that sector provides will continue to shrink. Cities and counties are losing local government aid, and our public colleges are losing state funding.

And that loss of funding may not rebound. Some 70 percent of the state budget shortfall can be related to the decline of taxes from the loss of jobs. Many economists don't think those jobs will come back as soon as they did during the last big recession in 1980-81. There is a day of reckoning coming upon us that will force us to look at the continuation of a rather expensive system of services and that's not such a bad thing.

The Mankato region's challenge will be to grow jobs in the private sector. Cities and counties will have to make sure it's easy to do business here, and that what businesses have to gain here will outweigh their costs. Now is not the time to chase the big employer, but to nurture growth of existing businesses and encourage entrepreneurs.

That task should be made easier by the wealth of resources we have. The Moody's report said research and development programs at Minnesota State University help boost the local economy. That's one of our economy's key strengths. Actually, all of the higher education options in the region provide assets through not only research, but training and knowledge building as well.

Still, an economy that comes back slowly is a stronger one that can be sustained. This recession tested us and we should be coming out better. The survivors are learning how to be better businesspeople. Consumers are wiser.

North Mankato has a housing complex being built that appeals to the middle income market and it appears to be successful. The strategy of success for Mankato cannot be lost in momentary hand-wringing. We are a regional center, a destination point and we must continue to build on that.

We'll have to focus our game, and make partnerships in government and the private sector that leverage our assets. But there's plenty to build on and plenty of building blocks.

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