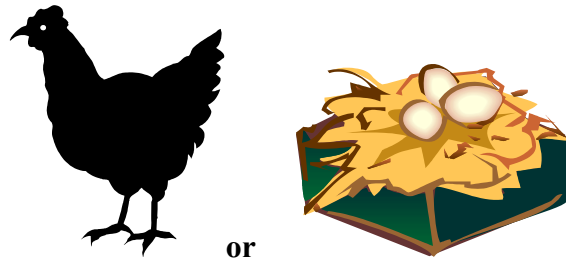


Transportation and Economic Development – Which Comes First?

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Transportation or Economic Development— Which Comes First?

Does good transportation create economic development or does economic development drive the need for good transportation?

It seems like a classic “chicken or egg” question. But the relationship between transportation and economic development is a more complicated matter – one does not necessarily come before the other.

**Transportation and economic growth are interrelated and interdependent.
Transportation development and economic development go hand in hand.**

A good transportation system doesn’t guarantee economic development, but it can help create an environment that fosters economic growth. In turn, economic growth can create a need for increased transportation services.

One thing’s for certain, transportation does have an impact on economic development.

An analysis of 105 rural counties in Missouri found that communities with more than 15 miles of four-lane highways, or interstates, rated higher on six economic indicators: population, average wage, household income, number of established businesses, gross sales tax and real estate valuations.

Counties having more than 15 miles of four-lane highways or interstate highways (or both) have:

- **A larger population**
- **A higher average wage**
- **Larger household incomes**
- **Greater number of established businesses**
- **Higher gross sales tax receipts**
- **Higher real estate valuations**

This analysis does not tell us which comes first, economic development or transportation, but it does tell us that as a transportation system grows, so do the communities and economies linked to that system.

Comparison of Economic Development Indicators for Rural Missouri Counties Based on Interstate Highway Presence

Economic Development Indicator	76 Counties with <u>No Major Interstate Highways</u> (2000 data)	29 Counties <u>with Major Interstate Highways</u> (2000 data)	Difference Between County Groups	Percent Difference Between County Groups.
Population	19,680	29,229	9,549	49%
Average wage	\$ 20,480	\$ 22,189	\$1,709	8%
Household Income	\$ 29,918	\$ 34,142	\$4,224	14%
Established Businesses	470	685	215	46%
Gross Sales Tax (thousands)	\$ 3,874	\$ 5,633	\$1,759	45%
Real Estate Valuations (thousands)	\$ 119,711	\$ 193,686	\$73,975	62%

Comparison of Economic Development Indicators for Rural Missouri Counties Based on Four-lane Highway Presence

Economic Development Indicator	50 Counties with <u>Less than 15 miles</u> of 4-lane Highways (2000 data)	55 Counties with <u>More than 15 miles</u> of 4-lane Highways (2000 data)	Difference Between County Groups	Percent Difference Between County Groups
Population	13,839	30,025	16,186	117%
Average wage	\$ 19,943	\$ 21,869	\$1,926	10%
Household Income	\$ 29,039	\$ 32,944	\$3,905	13%
Established Businesses	314	726	412	131%
Gross Sales Tax (thousands)	\$ 2,209	\$ 6,315	\$4,106	186%
Real Estate Valuations (thousands)	\$ 83,037	\$ 192,056	\$109,019	131%

105 “rural” counties are included in this analysis. Highly urbanized counties (Boone, Buchanan, Greene, Jackson, Jasper, St. Charles, St. Louis – city and county, Clay and Jefferson) were excluded. Data compiled by the University of Missouri – Columbia, Department of Rural Sociology.

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