



LA PLATA COUNTY'S 2005 ECONOMY ENDS STRONG

According to the Econometer Index, in the fourth quarter of 2005 La Plata County's economy increased by 1.4 percent over the fourth quarter of 2004. As usual, there was a seasonal decrease in growth of 6.1 percent from the third quarter of 2005 to the fourth quarter of 2005.

The National Economy

Real Gross Domestic Product (GDP), the output of goods and services produced by labor and property located in the United States, increased at an annual rate of 1.7 percent in the fourth quarter of 2005, according to preliminary estimates released by the Bureau of Economic Analysis. This compares to a rate of growth of 4.1 percent in the third quarter of 2005. The major contributors to the increase in real GDP in the fourth quarter were private inventory investment, personal consumption expenditures (PCE), exports, equipment and software, and residential fixed investment that were partly offset by a negative contribution from federal government spending. Imports, which are not produced in the United States and therefore subtracted when calculating GDP, increased.

Both the number of unemployed persons, 7.2 million, and the unemployment rate, 4.8 percent, were little changed in February. A year earlier, the number of unemployed was 8.0 million, and the jobless rate was 5.4 percent. Following a decline in January, the unemployment rate for adult men edged up to 4.2 percent in February. The jobless rates for the other major worker groups—adult women (4.3 percent), teenagers (15.4 percent), whites (4.1 percent), blacks (9.3 percent), and Hispanics (5.5 percent)—showed little or no change over the month. The unemployment rate for Asians was 3.2 percent, not seasonally adjusted.

According to the Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in February, before seasonal adjustment. The February level of 198.7 (1982-84=100) was 3.6 percent higher than in February 2005. On a seasonally adjusted basis, the CPI-U advanced 0.1 percent in February, following a 0.7 percent rise in January. Energy costs, which increased 5.0 percent in January, declined 1.2 percent in February. Within energy, the index for petroleum-based energy decreased 1.0

percent and the index for energy services fell 1.3 percent. The food index rose 0.1 percent in February after increasing 0.5 percent in January.

Colorado's Economy

According to the Colorado Department of Labor and Unemployment, the total non-farm wage and salary employment estimate increased in February (over January) by 14,900 to 2,233,400, which is also an increase of 51,500 over the employment level in February 2005. Six of the eleven major industries showed job growth, one had a loss in employment, and the rest had little to no change. The gainers were led by government, education and health services. Leisure and hospitality came in with 1,300 more jobs. Construction was up 1,200, with strength found in its specialty contractors sector. Colorado's preliminary unemployment rate in February is 4.6%, down from 5.7% one year ago.

National, State, and Local Comparisons

When comparing La Plata County with the national and Colorado economies with respect to unemployment and personal income, the local economy fares very well. La Plata County's unemployment rate continues to remain below both the national and the state's rates (see Table 1).

TABLE 1 – Comparison of Unemployment Rates – National, State, Local

Area	February 2005 Unemployment Rate	February 2005 Unemployment Rate (Preliminary)
United States	5.4%	4.8%
Colorado	5.7%	4.6%
La Plata County	4.5%	4.0%

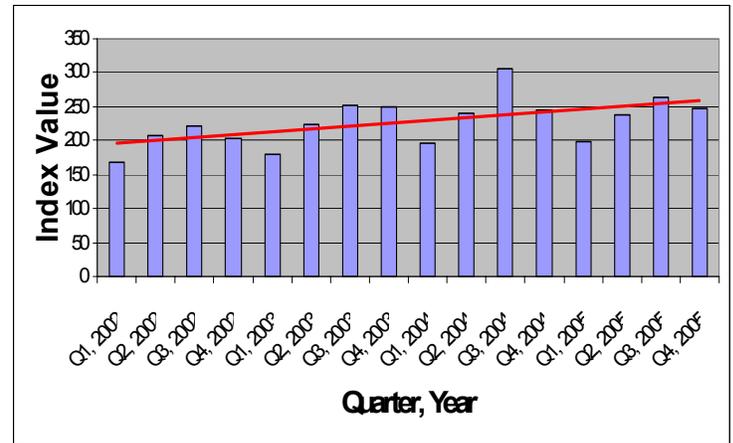
Sources: U.S. Department of Labor, Bureau of Labor Statistics and Colorado Department of Labor and Employment, Labor Market Information

Along with employment and unemployment numbers, per capita personal income is also used as a standard measure of economic well-being. Preliminary 2005 per capita personal income in Colorado is \$37,946, which is the eighth highest in the nation (following Connecticut, Massachusetts, New Jersey, Maryland, New York, New Hampshire and Virginia). The preliminary per capita personal income for the United States in 2005 is \$34,586. Per capita income in La Plata County has improved over the last few years, both absolutely and relative to national per capita personal income. Unfortunately per capita personal income numbers for 2005 for La Plata County are not yet available. The 2004 per capita personal income for La Plata County is \$31,887.

THE ECONOMETER INDEX

Graph 1 illustrates the changes in the quarterly Econometer Index from quarter one of 2002 to quarter four of 2005. The graph clearly illustrates the seasonal change of the local economy from quarter to quarter. The linear trend line also shows a stable climb in the local economy from Quarter 2 of 2004 to Quarter 4 of 2005.

GRAPH 1 – Quarterly Econometer Index, Quarter 1, 2002 – Quarter 4, 2005



The Econometer Index uses 1990 as its base year, meaning that the index equals 100 for that year. Changes in the statistics used then are compared to the statistics of 1990 in determining the index. All dollar values are put in 1990 dollars, adjusting for overall price changes.

Quarter Four 2005 Index

On a year-to-year basis (compared to the fourth quarter of 2004), nine of the twelve economic indicators for La Plata County increased during the fourth quarter of 2005. Indicators that increased from quarter four 2004 to quarter four 2005 include retail sales, employment, calf prices, alfalfa hay prices, residential electric meters installed (population), the median real estate price, bank deposits, residential construction and energy prices. Tourism, college enrollment, and kilowatt hours used (industrial activity) decreased on an annual basis. (See GRAPH 2 - Some Annual Comparisons 2004 to 2005 on page 4.)

The La Plata County economy is very seasonal, so that some economic indicators fluctuate significantly during the course of the year. This is especially true of tourism and college enrollment. Seven of the indicators seasonally increased from the third to the fourth quarter of 2005. Those that increased include calf prices, residential electric meters installed (population), the median real estate price, bank deposits, college enrollment, the value of building permits issued (construction) and energy prices. Decreasing from quarter to quarter were tourism, retail sales, employment, alfalfa hay prices, and kilowatt hours used (industrial activity).



A Newsletter of Economic Indicators in Southwest Colorado
from the Fort Lewis College School of Business Administration

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Economic Indicators

Tourism

Quarter to Quarter - Tourism measures decreased on a seasonal basis from the third quarter to the fourth quarter of 2005 by 64.2%. All four sectors of the tourist industry decreased on a quarter to quarter basis. Ridership on the Durango & Silverton Narrow Gauge Railroad decreased by 80.3%, visitors to Mesa Verde decreased by 79.7%, enplanements at the Durango-La Plata County Airport decreased by 13.1% and lodger's tax revenue (adjusted for inflation) decreased by 48.1%.

Year to Year - On a year-to-year basis, the tourism index decreased by 8.2%. Visits to Mesa Verde National Park decreased by 2.3% over the fourth quarter of 2004, ridership on the Railroad decreased by 39.2%, enplanements increased 11.2%, and lodger's tax revenue (adjusted for inflation) decreased on an annual basis by 6.6%.

Tourism Indicators Fourth Quarter 2005		
Indicator	Number	% Change from Previous Year's Fourth Quarter
Mesa Verde Nat'l Park	52,773	-2.3%
Durango & Silverton Narrow Gauge Railroad	18,335	-39.20%
Durango - La Plata County Airport	26,572	11.2%
Lodger's Tax Revenue In 1990 Dollars	\$124,189	-6.6%

Retailing

Quarter to Quarter - Retail sales, after adjustment for inflation, decreased from the third quarter to the fourth quarter of 2005 by 5.5%.

Year to Year - Comparing the fourth quarter of 2004 to the fourth quarter of 2005, retail sales, after adjustment for inflation, increased by 1.2%.

Employment

Quarter to Quarter - Employment in La Plata County is estimated by the Colorado Department of Labor and Employment. These estimates are subject to significant revisions. According to state estimates, employment in La Plata County in the fourth quarter of 2005 decreased by 3.9% from the third quarter of 2005.

Year to Year - Employment increased by 2.7% from year to year. As noted earlier, the preliminary unemployment rate of the labor force in La Plata County was estimated to be 4.0% in February 2006. This rate is below the state's estimated rate of 4.6%. The unemployment rate represents the number of unemployed as a percent of the total labor force.

Agriculture

Quarter to Quarter - Calf prices, after adjustment for inflation, increased 2.7% from the third to the fourth quarter of 2005, while alfalfa hay prices decreased 6.2% during the same time frame.

Year to Year - On an annual basis, calf prices (adjusted for inflation) increased 4.2%, while alfalfa hay prices increased 2.2%.

Industrial Activity

Quarter to Quarter - Industrial kilowatt-hours used decreased by 2.3% from the third to the fourth quarter of 2005.

Year to Year - On an annual basis, industrial kilowatt-hours used decreased by 3.3%. Most industrial usage of electricity in La Plata County is to compress natural gas for transmission through gas pipelines.

Population

Quarter to Quarter - The number of new residential electric meters in La Plata County increased by 0.8% from the third to the fourth quarter of 2005.

Economic Indicators cont'd

Year to Year – On an annual basis the number of new residential electric meters increased by 2.1%. The annual increase in the number of residential electric meters suggests that the population of La Plata County is continuing to grow. From January 2005 to December 2005, the percentage increase in new residential electric meters is 1.5%. This is compared to an increase of 2.1% over the year 2003 and an increase of 2.4% over the year 2004. The population of La Plata County was estimated to be 46,229 in 2003 (the most recent number available from the Census Bureau).

Finance

Quarter to Quarter - After adjustment for inflation, bank deposits in La Plata County increased by 7.2% from the third to the fourth quarter of 2005.

Year to Year – On an annual basis, bank deposits increased

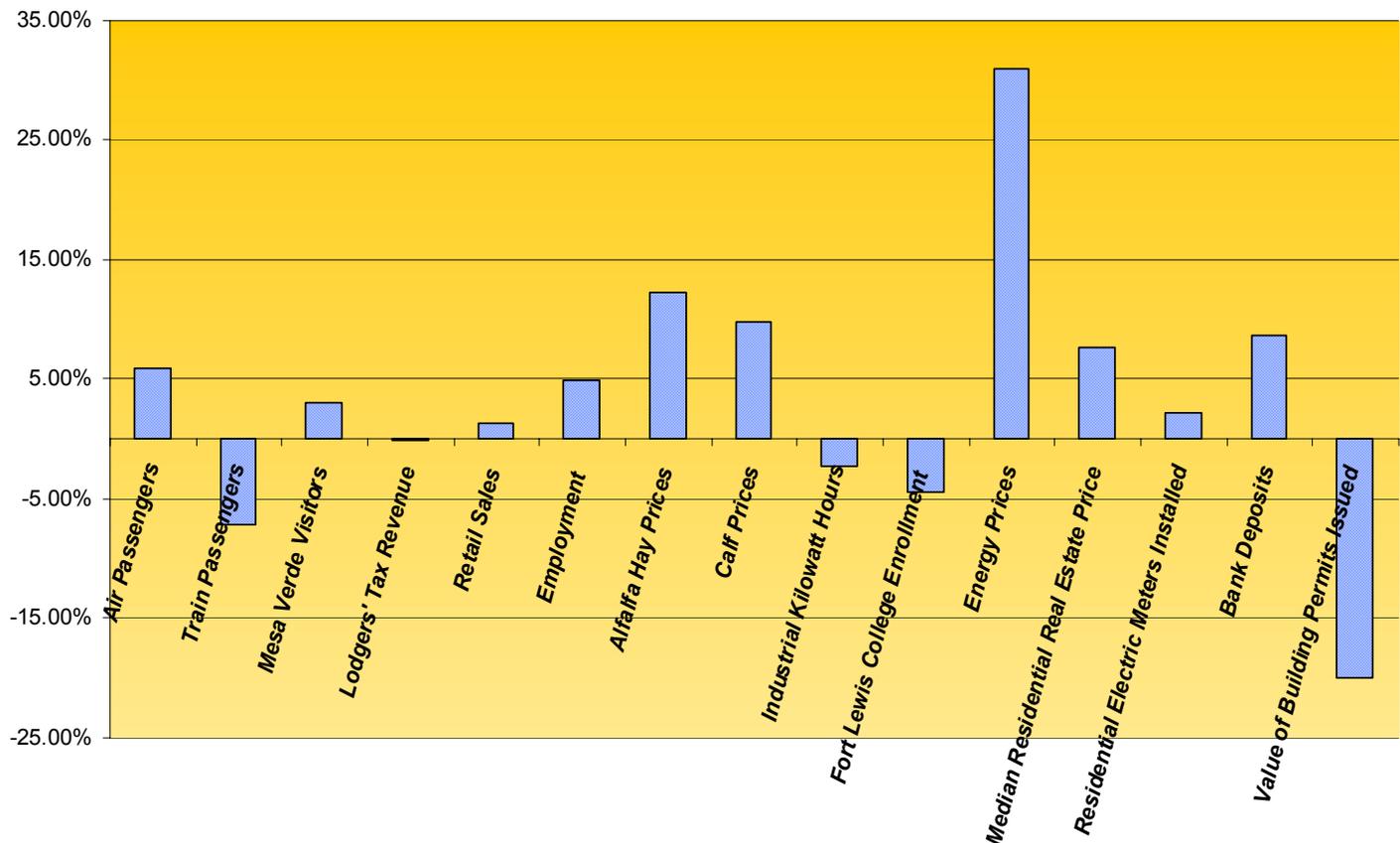
by 9.6% from the fourth quarter of 2004 to the fourth quarter of 2005. Bank deposits are an important indicator of the economic health of the community as well as an indicator of the ability of local banks to make loans to consumers and business borrowers.

Fort Lewis College

Quarter to Quarter - Enrollment at Fort Lewis College increased from the third to the fourth quarter of 2005 (from the third summer and first month of the fall terms to the last three months of the fall term) by 178%.

Year to Year - Enrollment on an annual basis decreased by 5.8%. The college stabilizes the local economy on a seasonal basis because most spending by students occurs during the September through April time frame while tourism activity peaks during the summer months.

Some Annual Comparisons: 2004 to 2005
Percentage Change 2004 to 2005
(Based on Annual Averages)



Economic Indicators cont'd _____

Construction

Quarter to Quarter - After adjustment for inflation, construction increased from the third to the fourth quarter of 2005 by 18.5%. Construction activity in La Plata County can show volatility on a quarter to quarter basis due to permits being issued to very large projects in one month that actually contribute to the local economy over a long period of time.

Year to Year – On an annual basis construction activity increased by 8.9%. The construction industry still remains strong compared to earlier years. Note: data for permit values issued in La Plata County is not yet available for the fourth quarter of 2005. Therefore, an average of the first three quarters was used for these calculations.

Energy Prices

Quarter to Quarter - The federal government's energy price index (adjusted for inflation) increased by 20.3% from quarter to quarter.

Year to Year – On an annual basis the energy price index increased by 45%. Energy prices can be highly volatile from one quarter to the next. However, there has been an overall increase in energy prices since the beginning of 2002. Energy prices are very important to La Plata County because the county is a major producer of natural gas. Rents and royalties, as well as property tax revenues associated with natural gas production, are significant sources of income to La Plata County.

Real Estate

Quarter to Quarter - The median price of residential real estate in La Plata County, after adjustment for inflation, increased by 10.3% from the third to the fourth quarter of 2005.

Year to Year - The annual increase in the median residential real estate price (adjusted for inflation – in 1990 dollars) in La Plata County was 2.1%, from \$216,433.00 in the fourth quarter of 2004 to \$221,052.00 in the fourth quarter of 2005. In the absence of adjusting these prices to 1990 dollars, the median residential real estate price in La Plata County in the fourth quarter of 2004 was \$308,750.00; and in the fourth quarter of 2005 it was estimated to be \$327,000.00.



Leveraging Humor for Creative Performance

By Larry W. Hughes, Ph.D.

In a knowledge driven, global business environment, the concept of creativity seems primed to enjoy the same attention as TQM.

—Jaussi and Dionne

Thomas Friedman wrote a book recently that, among other things, charges the U.S. with the task of exploring what makes it globally competitive. He suggested that its most valuable contribution to the global marketplace is ingenuity. He may be right. Americans can't produce sports shoes or apparel at the wages paid to workers in other countries. The question then becomes, how can managers tap the creative genius of the American workforce?

Scholars have studied creativity and suggest that it is critical for successful business performance (Lei & Slocum). In recent years, there has been a growing body of work about the importance of innovation and creativity as outcomes of the leader-follower relationship. After all, it takes a leader to evoke appropriate responses from followers.

Jaussi and Dionne found that leaders who behave unconventionally evoke more highly cohesive groups than leadership skills alone. Other relevant research includes Tierney, Farmer, and Graen's finding that creativity ratings were correlated with effective, leader-follower relationships; and Redmond, Mumford, and Teach findings of how leaders contribute to their follower's confidence and subsequent creativity. Leaders can also have a positive effect on group flexibility and creative problem solving (Sosik, Avolio, & Kahai). One method to induce creative performance in workers is through an appropriate use of humor.

Defining humor

Humor can be dissected, as a frog can, but the thing dies in the process and the innards are discouraging to any but the pure scientific mind.

—Zinsser

Leveraging Humor for Creative Performance cont'd

Before discussing *how* a leader can use humor to induce follower creativity, humor itself should be explained. Humor, as a topic, has enjoyed the attention of hundreds of books, countless articles in academic and popular publications and in thousands of research studies in the fields of management, communication, psychology and anthropology. But despite all of this effort there is still no comprehensive definition of humor. There are several reasons for this, but mainly because it is such a difficult phenomenon to define.

In fact, defining humor is reminiscent of the tales of European explorers who, in the 1800's, ventured into remote areas in Africa and India. They returned home with fabulous stories of the many wonders they had seen, one of these being the elephant. Artists would sketch the elephant based on these fabulous stories. The sketches only partially resembled the elephant, but captured enough reality that one might be recognized if it came lumbering down the street.

Humor is like the elephant story. One can describe how humor makes one feel or how it makes one laugh, but writing a definition that makes sense to anyone else is another story – one might capture the general essence of humor in a definition, but it would only partially resemble others' definitions. This is the problem scholars have had with studying humor. Rather than try to tackle a comprehensive definition here, let it suffice to say that humor is a stimulus that appeals to one's sense of the ludicrous. The outcome of a humorous event is a smile or laughter.

The value of humor at work

Work in itself does not have to be laborious, joyless, brutally repetitious, isolated in its performance, and, in general, deformative of human beings.

—O'Hare

Who said that people can't have fun at work? Most people remember being admonished in childhood – both at school and at home — for cracking jokes or giggling at times that were socially inappropriate, mainly for the adults in the room. The workplace offers a similar environment in which people who aren't "serious" are assumed to not be on task or serious about their work. The intent of this article is not to encourage clowning around in the workplace, but rather to advocate for a workplace that is a fun, uplifting place to be. An environment that is fun can also broaden workers' thought

processes through lifting their emotions. The result of this process is creativity and innovation.

The true value of humor is that it facilitates communication by allowing people to say things otherwise left unsaid. This happens when the content of a message is emphasized by heightening the truth to a level that will be seen as funny and also as transparent. This revelation occurs because, conceptually, humor enables people to create psychological distance between themselves and difficult issues.

At work, humor has been found to be an effective persuasion tool with the power to bridge distances between managers and employees so they can identify with each other and share a common view of the company (Fox & Amichai-Hamburger). Scholars have suggested the value of humor for improving work group performance (Duncan, Smeltzer, & Leap) and as a tool for organizational change (Kahn). Avolio, Howell, and Sosik studied the successful influence of leaders' sense of humor on financial performance in the banking

and insurance industries. Vinton found that humor alleviated status differentials and workplace tension between managers and workers. Humor was also found to enhance employee perceptions of manager effectiveness (Rizzo, Booth-Butterfield, & Wanzer).

Humor itself is not an emotion (McGhee). But research has shown how humor affects peoples' emotional states and thus how

positive emotions can affect creativity. When people are joyful, contented, interested, and take pride in their work (all positive emotions) they are more creative. What causes joy, contentment, interest and pride in one's work? Humor!

People with a greater sense of humor also display higher levels of creativity and are more optimistic, more resilient, less depressed and often have higher self-esteem than people with less of a sense of humor. Humor creates joy and elation in others, which stimulates creativity. For example, hearing jokes prior to performance tests resulted in higher scores and comedy-induced positive emotions improved performance on multiple creativity tasks. In light of this evidence, a leader who evokes positive emotions in followers by employing an appropriate style of humor delivery can expect followers to be more creative.

Conclusion

See Leveraging, page 7

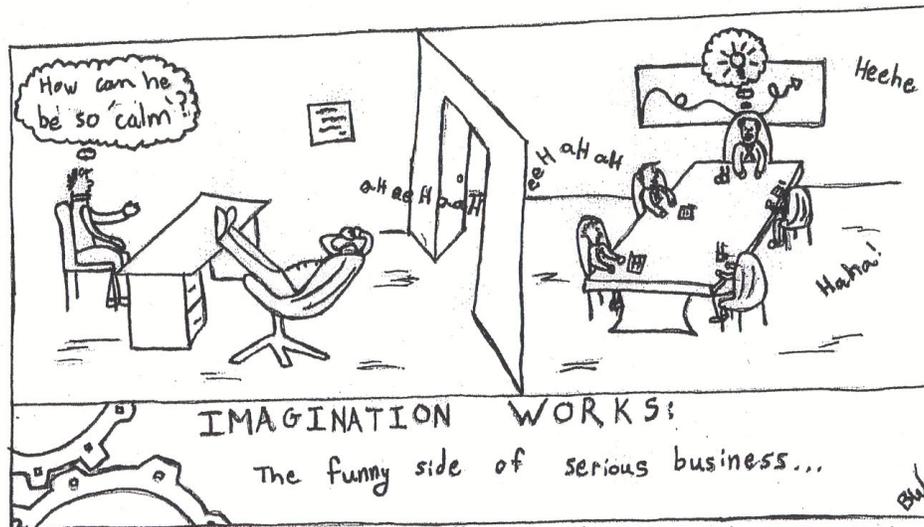
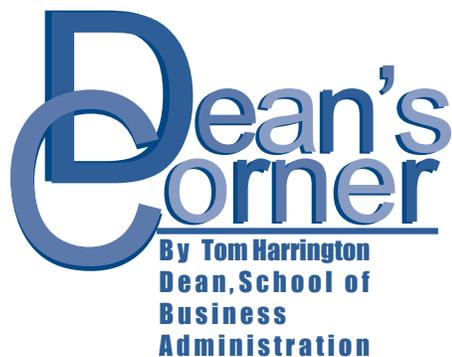


Illustration by FLC Freshman Ben Wolcott



This will be the last issue of *The Econometer* in its current form. A lot of changes are in the works. First, we are expanding the scope of *The Econometer*, renamed *The Four Corners Economic Quarterly*, to include other counties in the Four Corners Region, though we will concentrate on the five counties in Region 9 – Archuleta, Dolores, La Plata, Montezuma, and San Juan, Colorado. Given our close ties to northern Farmington, in San Juan County, New Mexico, we will be providing some information from there as well. Next, in the spirit of including the remaining Region 9 counties, we have partnered with Region 9 EDD and plan on publishing a year-end economic analysis of the previous year.

We will continue calculating the index and distributing this information – and much more – on our website (www.soba.fortlewis.edu/soba/pub/econom.htm) and in ar-

Continued on page 8

Leveraging cont'd

Will telling jokes at work make the U.S. a more competitive global player? Probably not, but compelling evidence has been offered here that worker creativity can be encouraged by an appropriate use of humor. Furthermore, humor can help workers experience more positive emotions and cope better in the face of adversity. If positive humor can be used by managers and leaders to help workers overcome some of the stress-related bug-a-boos they experience as a result of their chaotic lives, perhaps turnover, absenteeism, and other costly behaviors to organizations can be reduced.

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About the author

Larry Hughes is an Assistant Professor of Management at Fort Lewis College. He worked formerly as a human resources manager in the high-tech and production industries and also in municipal government. He earned his Ph.D. in Leadership from the University of Nebraska-Lincoln. Larry's research passion is the psychology of humor. He also consults and speaks to organizations interested in exploring the value of humor in the workplace.

Dean's Corner cont'd _____

ticles published in the *Durango Herald*. We will publish all of the indicators of the current *Econometer* on a quarterly basis (updating monthly when the data is available) – including tourism indicators (Durango and Silverton Railroad ridership, airplane passenger totals, Mesa Verde visitors and lodgers' tax revenue), retail sales information, calf and alfalfa hay prices, median residential real estate prices, population growth as measured by new residential electric meters installed, construction and energy industry measures, Fort Lewis College enrollment, and local financial information.

The data generated from the current *Econometer* will be supplemented with the following new information provided for the public:

- 1) Labor market information for Region 9;
- 2) Personal Income by county;
- 3) Gross county product for each of the Region 9 counties;
- 4) An index of personal income;

- 5) A quarterly consumer price index for Durango;
- 6) Some forecasting of regional economic indicators (such as unemployment, employment, etc.).

We will cycle through a variety of different topics of interest to the Four Corners Region. For example, each of the economic sectors will be discussed individually: The real estate market, natural resources, agriculture, tourism, etc. Once a quarter, or so, we will also be covering a topic of statewide, national, and/or international interest: such as monetary policy, the impacts of trade, etc.

Our web site will be expanded to provide national, state, and local data sets -- a one stop clearing house for local economic interests -- compiling data from the Bureau of Labor Statistics, the Bureau of Economic Analysis, the Census Bureau, and Colorado Department of Local Affairs, among others.

Please let us know if there is information we are not providing that you would like to see in the future.



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