



THE GLOBAL CLASSROOM: REPORT FROM IOWA



Introduction to Iowa

Iowa began as an agriculture state in 1846, when it was admitted to the Union. Since then, Iowa has developed into a state of diverse, hardworking people who strive to improve their socioeconomic situation. Although some believe that Iowa's economy relies exclusively on farming, that idea can be misleading. Only about 4% of the employed civilian population actually derives its personal income directly from agriculture, while about 8.3% of the total Iowa population lives on farms. It is the indirect agricultural support industries which dominate our economic landscape. From the humble beginnings of providing needs to local farmers, companies such as John Deere and Pioneer now reach around the globe with their farming and construction equipment, chemicals, and processed foods.

The Iowa values of productivity, education, and stability which allowed the manufacturing sector to develop so strongly combined with sophisticated technology and a highly educated workforce have attracted other industries to Iowa as well. Insurance, banking, and financial service companies dominate the urban areas, especially Des Moines, and green technology and industry are emerging to help provide an even more broad-based and stable economic picture for the entire state.

Similar to its diverse industries, Iowa also encompasses a balanced and stable social culture. While our conservative and well-grounded values, such as hard work, keep our fiscal policies and economy stable, our social policies provide for more diversity. Iowa has long been on the front edge of movements to protect civil liberties. In 1868, the state legislature amended the state constitution to allow African American men to vote—two years before the United States Constitution ratified the Fifteenth Amendment which gave African American men the right to vote everywhere in the United States. From minority voting rights and a continuing support of

women's rights to the very recent legalization of same-sex marriage, the history of our conservative values and more liberal ideals create a moderate social climate.

The values that define our policies and our society accompany students into the classroom as well. Iowa's schools are ranked in the top 10 states in the nation at providing a world-class education for their students. Our school, Central Academy, is a prime example of that excellence. Students move quickly through the accelerated curriculum which ultimately provides college level courses in a high school setting. The vigorous coursework that is offered and the dedication of students provide an environment of high achievement and preparation for whatever the future holds for each student.

Iowa's Economic Overview

According to the U.S. Census Bureau – Foreign Trade Statistics, the top exports from Iowa are farm and construction related equipment, corn, pork, and soybeans. Our top three trading partners are Canada, Mexico, and Japan. Exports have increased steadily over the past five years to over 12 billion dollars in 2008, which represented approximately 1% of the United States total exports. Large countries such as Russia, China, and Brazil each received between \$350 and \$380 million dollars worth of Iowa products each year.

The recent global economic crisis has resulted in a multitude of problems for the United States economy, including Iowa. In the first quarter of 2009, exports are weakening as foreign clients find it more difficult to borrow money to buy what Iowa sells in the international market. Home sales and construction projects have plummeted and business closings and layoffs have occurred in nearly every sector of the economy. Despite this, Iowa has escaped relatively unscathed compared to many other areas in the United States. Through its diverse economic base

and its more conservative investment philosophy, Iowa has maintained a significantly lower rate of unemployment, (5.2%-April 2009) than the national average (8.5%-April 2009). In order to maintain this rate, many businesses are cutting back in ways that attempt to preserve the workforce. Des Moines-based Principal Financial reduced employees' hours and cut employee pay by 2-10% per employee, while other companies are requesting employees take unpaid holidays in an effort to cut costs without cutting positions. Still other Iowa businesses are putting a freeze on all travel and entertainment budgets. Though many companies are avoiding cutting jobs, not every company is capable of absorbing the losses of maintaining a large workforce in the economic crisis. The John Deere Company in Iowa has cut 813 jobs. In the past year a total of 20,400 Iowan jobs have been lost. Though we have avoided the depths of the economic crisis, jobs have still been lost.

Being an agricultural giant is helping Iowa weather the latest economic storm. Even in the midst of the economic recession, Iowa's soybean exports have risen by 7% from two years ago. Iowa products, like soybeans, corn, livestock, and farm implements are being exported to willing consumers who consider Iowa "The Breadbasket of the World." On average, Iowa produces 14-15 million pigs per year, 2.37 billion bushels of corn, and 438 million bushels of soybeans. According to the Des Moines Register, exports of Iowa manufactured goods jumped 25% from 2007 to 2008. "People have to eat," said Tim Woods, an export consultant based in Des Moines. "Animals have to eat. So Iowa products that serve the ag(agriculture) industry are less affected by the global recession" (Des Moines Register, April 19, 2009). That lends some stability to the market, but many places in the world consider beef and pork to be luxuries. When newly developing economies were experiencing a boom in productivity, people could enjoy

those luxuries, however with the global economic downturn, people have to forego some of these luxuries at a loss to the Iowa farming industry.

Even with these losses, our diversified economy helps maintain a level of stability. Some agricultural products are used directly for human and animal food; however, an emerging market for Iowa's leading crops of corn and soybeans is the bio-fuel industry. This subsidized industry creates ethanol from corn and bio-diesel from soybeans. The government has laid out a plan to have 25% of all cars fueled by ethanol by 2019 in an attempt to reduce emissions. This industry has already proved to be quite profitable for Iowa farmers, and if the government were to accomplish its mission it would be even more profitable. However, this industry is controversial because it has caused an increase in the global price of food, and because of the questions that arise about the overall environmental impact of bio-fuel production.

Iowa's business sector also contributes greatly to the state's economy. Our insurance industry ranks third in the nation and is very prominent in our capital city of Des Moines. While the whole nation is in a recession, Iowa has not been affected as drastically as most states. The combination of a successful agricultural sector and thriving insurance and banking industry have padded Iowa from the worst of the recession.

Government Stimulus Package

Like China, the United States federal government has passed a "stimulus package" to energize the economy. The U.S. Congress passed legislation, signed by President Obama, which will provide \$775 billion to the economy nationwide. This money will go towards improvement of the nation's infrastructure (e.g. roads, bridges, airports, electrical grid) and is expected to provide and maintain up to 3.7 million jobs. This money will be spread throughout the 50 states.

In addition to the federal money, Iowa's governor Chet Culver signed legislation that will provide an additional \$775 million to help Iowa's economy. Much of this money will be directed toward maintaining Iowa's schools. Other areas to receive help will include health care and energy efficiency. This money will be spent in the next 18 months.

Iowa's International Interaction

Iowa's economy is relatively stable due to its production of diverse goods and the number of interested foreign buyers. Iowa exports farm machinery, meat, cereals, animal feed, grain, seeds, fruit, fertilizers, medical instruments, and steel. Iowa produces products that are demanded globally. The world economic crisis, however, has caused a decline in export rates. Fortunately, exports to Japan and Australia have dramatically increased. Exports to Japan have increased 25% and exports to Australia have increased 34% in 2008.

Iowa is a major producer and exporter of commodities such as corn and soybeans. Recently, drought in Brazil and the world financial crisis have damaged Brazil's soybean market. Iowa has maintained its soybean production, and it has increased production of corn. Iowa can therefore sell its soybeans at a higher price to make up for the supply deficiency caused by the lost production in Brazil, while still providing a steady flow of soybeans to countries that need them. This is reflected in the jump in exports of grains and cereals from 2006 to 2008. The amount of exported cereals jumped 189.9% and the amount of exported grains jumped 123.6%. The diversity of our exports provide for more economic stability than other parts of the nation.

Iowa's Strengths

Since its founding, Iowa has been an agricultural leader in the United States. Our fertile soil is ample for planting dietary staples such as corn and soybeans. Our pastures also sustain cows, pigs, and chickens who contribute to our successful agriculture. The agrarian values and life styles have passed from the farm into our Iowa society as a whole. Values such as hard work, self-reliance and persistence are required to maintain any farming operation. It also breeds individuals who understand that every decision they make every day has direct and profound consequences for themselves and others.

Another strength we have in Iowa is our public schools. We are proud of our schools which are funded by our tight-knit and supportive communities. Education is highly valued.

In Iowa, culture and tradition are important to us. Our people are friendly and our sense of community is strong. Our state receives national attention when it comes time to elect a new president. Iowa is the first state in the nation to begin the process of selecting presidential candidates. Before other states hold primary elections, Iowa holds "caucuses." Caucuses bring candidates to Iowa for many months to campaign, while some states have only a few weeks to form their impressions of the candidates. This gives the Iowa voters a great deal of influence in the election. In 2008 Barack Obama winning the Iowa caucuses launched his campaign that ultimately put him in the White House. Iowa sets the pace for how successful candidates are in the presidential race.

Iowan's Fears

Many Iowa students have concerns about not being able to afford university expenses (\$15,000 - \$55,000 per year), not finding jobs upon graduation, and not being able to pay back the money they borrowed to pay for a university education. "The cost of college has a big influence on which school I will go to. I want to go to a school that fits me best, but I would definitely be willing to settle for something less if financing proved to be difficult." (Emily Schott, Central Academy student).

After World War II, Iowa followed the national "Baby Boom" trend, which was the dramatic raise in the number of babies born after the war. With those "Baby Boomers" now approaching retirement age and expecting social security benefits, the burden of funding this massive program will fall upon future generations, including ours. Medicare and Medicaid, health care programs for the elderly and poor, are expected to go bankrupt by 2012. The U.S. government currently pays for these welfare programs, which make up about 4.5% of the Gross Domestic Product (GDP). That number is expected to rise to 6.5% in the next few years as more "Baby Boomers" begin to retire.

Iowa students are also concerned about damage to our environment. There was severe flooding in the Midwest last summer, and Iowa was hit especially hard. While the floods damaged millions of houses, streets, and towns, it also washed away the precious topsoil which makes Iowa fields so fertile. Many students are passionate about saving the world, going green, recycling, reusing, and reducing.

Future financial concerns and environmental degradation provide a multitude of challenges confronting Iowa high school students.

Looking to the Future

Students in Iowa hope to see the agricultural sector expand to include genetic engineering and other progressive science-related industries. This is based on the fact that most of Iowa's history has been founded on agriculture, whether on farming itself or the manufacturing of farming equipment and fertilizer. Though we want to see expansion and growth, we do not want to see our agricultural roots disappear or our environment damaged.

A primary goal for Iowa students is to have successful jobs in the future. In today's poor economy, merely having a job is something of which to be proud. Although Iowa's unemployment rate is not as severe as that of other states, the world wide recession is affecting nearly everyone, making it more difficult to acquire and keep a stable job. Another goal for Iowans is to obtain a university education, which is essential for economic success, especially in the current economic state. Many students fear that they will not be able to pay for the university education they will need to get the jobs they want.

Like students around the world, Iowa students not only want to have successful careers, but also want to see their state succeed. While it seems as if Iowa is just a small part of the United States, it produces and exports a large amount of food and farm equipment to help meet the needs of a constantly growing world population.

We hope that Iowa continues to have an impact around the world. We also hope that as students in a Global Classroom, we can help make that happen.