**Trans Pacific Partnership (TPP) A Winner for U.S.: Politicians, Left and Right, Are Wrong**

When politics and economics collide, economics is roadkill. Take the case of the Trans Pacific Partnership (TPP). More than 99 percent of economists support this trade pact, yet 100 percent of individuals still in the race for the U.S. presidency are opposed to opening up Asian markets to U.S. manufacturers, businesses and farmers via TPP.

In October 2015 in Atlanta, the Obama Administration reached agreement with Japan, Vietnam and nine Pacific Rim nations to reduce trade barriers to produce the largest trade pact in the nation’s history. Due to reductions in trade restrictions, the USDA estimates that implementation of TPP will expand U.S. sales abroad by $130 billion annually. According to my calculations, if agriculture accounts for its historic share of U.S. exports, TPP would boost agricultural sales by $8.4 billion, and U.S. net farm income by approximately $1.0 billion in one year alone.

However, the deal requires Congressional approval and both Democrats and Republicans have finally found something they agree on——rejection of TPP, economic jingoism, or what I will call “economic tomfoolery.” In 2015, the U.S. was the second largest exporting nation, behind only China. And in that same year, the U.S. worker was the most productive on the face of the earth. Slinking into protectionism by rejecting fair and free trade agreements only subsidizes the less productive, and slows overall economic prosperity. Ernie Goss.

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**MAINSTREET RESULTS**

**Rural Mainstreet Economy Remains Weak for May: Job Losses for First Time in Five Years**

<table>
<thead>
<tr>
<th>Table 1: The Mainstreet Economy</th>
<th>May 2015</th>
<th>Apr 2016</th>
<th>May 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Economic Index</td>
<td>49.0</td>
<td>38.0</td>
<td>40.9</td>
</tr>
<tr>
<td>Loan volume</td>
<td>79.6</td>
<td>71.8</td>
<td>77.9</td>
</tr>
<tr>
<td>Checking deposits</td>
<td>43.8</td>
<td>47.8</td>
<td>45.5</td>
</tr>
<tr>
<td>Certificate of deposits</td>
<td>39.7</td>
<td>44.4</td>
<td>40.9</td>
</tr>
<tr>
<td>Farm land prices</td>
<td>39.4</td>
<td>26.7</td>
<td>28.4</td>
</tr>
<tr>
<td>Farm equipment area sales</td>
<td>12.5</td>
<td>11.1</td>
<td>10.7</td>
</tr>
<tr>
<td>Home sales</td>
<td>66.0</td>
<td>58.9</td>
<td>61.6</td>
</tr>
<tr>
<td>Hiring in the area</td>
<td>61.5</td>
<td>50.0</td>
<td>43.2</td>
</tr>
<tr>
<td>Retail Business</td>
<td>49.0</td>
<td>37.8</td>
<td>36.0</td>
</tr>
<tr>
<td>Economy 6 months from now</td>
<td>41.5</td>
<td>34.8</td>
<td>38.4</td>
</tr>
</tbody>
</table>

Survey Results at a Glance:

- For a ninth straight month, the Rural Mainstreet Index fell below growth neutral.
- Almost one-third of bank CEOs see slow or negative rural growth as the biggest economic threat to their bank over the next five years.
- Approximately nine of ten bankers see low agriculture commodity prices as the greatest challenge to the rural economy for 2016.
- Farmland prices remained below growth neutral for the 30th straight month.
- From their peak levels in 2011, agricultural commodity prices are down by 17 percent, and grain prices are off by 49 percent.

The Creighton University Rural Mainstreet Index for May increased from April’s very weak reading, according to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

**Overall**: While remaining very fragile, the Rural Mainstreet Index (RMI) has increased three of the last four months. The index, which ranges between 0 and 100, rose to 40.9 from April’s 38.2.

“This is the ninth straight month the overall index has remained below growth neutral. Even though agriculture commodity prices have increased recently, they remain well below prices 12 months earlier and from their peak levels in 2011. Farm prices are down by 17 percent and grain prices are off by 49 percent.

**Farming and ranching**: The farmland and ranchland-price index for May climbed to 28.4 from April’s 26.7. This is the 30th straight month the index has moved below growth neutral.

When asked to identify the biggest threat to the Rural Mainstreet economy for 2016, more than 9 of 10 bank CEOs named low agriculture commodity prices as the greatest challenge to the Rural Mainstreet economy.

As in previous months, there is a great deal of variation across the region in the direction and magnitude of farmland prices, with prices growing in some portions of the region. The May farm equipment-sales index sank to a dismal 10.7 from 11.1 in April. Weakness in farm income and low agriculture commodity prices continue to constrain the sale of agriculture equipment across the region. Reductions in farm prices have negatively affected local agricultural equipment dealers and regional manufacturers of farm equipment.

**Banking**: The May loan-volume index jumped to 77.9 from last month’s 71.8. The checking-deposit index slipped to 45.5 from April’s 47.8, while the index for certificates of deposit and other savings instruments slumped to 40.9 from 44.4 in April.

This month bankers were asked to identify the greatest
The May RMI for Iowa slumped to 40.3 from April's 41.2. Iowa's farmland-price index for May climbed to 45.6 from 43.6 in April. Iowa's new-hiring index for May dropped to 50.3 from 56.4 in April. Iowa's Rural Mainstreet job growth over the last 12 months was 1.6 percent.

KANSAS

The Kansas RMI for May expanded to 37.3 from April's 34.4. The state's farmland-price index for May increased to 10.7 from 8.9 in April. The new-hiring index for Kansas declined to 37.0 from 43.1 in April. Kansas' Rural Mainstreet job growth over the last 12 months was 1.8 percent.

MINNESOTA

The May RMI for Minnesota advanced to 40.8 from April's 38.0. Minnesota's farmland-price index climbed to 34.6 from 32.9 in April. The new-hiring index for the state declined to 45.7 from last month's 51.8. Minnesota's Rural Mainstreet job growth over the last 12 months was 0.0 percent.

MISSOURI

The May RMI for Missouri increased to 30.7 from 27.8 in April. The farmland-price index expanded to 29.8 from April's 28.7. Missouri's new-hiring index declined to 17.5 from 23.6 in April. Missouri's Rural Mainstreet job growth over the last 12 months was minus 5.1 percent.

NEBRASKA

The Nebraska RMI for May grew to 43.3 from 40.5 in April. The state's farmland-price index advanced to 4.45 from April's 4.28. Nebraska's new-hiring index fell to 49.3 from 57.3 in April. According to Jeffrey Gerhart Chairman of the Bank of Newman Grove in Newman Grove said, "Regulatory burden, low commodity prices and tight margins for farmers will continue to negatively impact our community." Nebraska's Rural Mainstreet job growth over the last 12 months was 1.2 percent.

NORTH DAKOTA

The North Dakota RMI for May rose to a regional high of 17.5 from April's 14.9, also a regional low. The farmland-price index increased to 14.8 from 13.4 in April. North Dakota's new-hiring index sank to 35.1 from April's 35.6. North Dakota's Rural Mainstreet job growth over the last 12 months was minus 11.7 percent.

SOUTH DAKOTA

The May RMI for South Dakota advanced to 40.3 from 37.4 in April. The farmland-price index grew to 26.1 from 24.3 in April. South Dakota's new-hiring index expanded to 32.6 from April's 37.8. South Dakota's Rural Mainstreet job growth over the last 12 months was minus 0.3 percent.

Wyoming's farmland-price index rose to 29.4 from April's 28.7. Wyoming's new-hiring index fell to 31.0 from April's 37.8. Wyoming's Rural Mainstreet job growth over the last 12 months was minus 3.3 percent.

The May RMI for Illinois climbed to 40.7 from April's 37.8. The farmland-price index expanded to 23.7 from April's 22.2. The state's new-hiring index slumped to 41.7 from last month's 47.9. Illinois' Rural Mainstreet job growth over last 12 months was minus 0.1 percent.

Iowa's Rural Mainstreet job growth over last 12 months was 2.8 percent.

According to Pete Haddeland, CEO of the First National Bank in Mahomet, Minnesota, "Regulatory costs continue to go up. We think this will become a bigger portion of our budget each year."

April's hiring index from April's 66.3. Colorado's Rural Mainstreet job growth over the last 12 months was 6.0 from April's 66.3. Colorado's hiring index for May fell to 57.8 from April's 64.0. Colorado's Rural Mainstreet job growth over the last 12 months was 2.8 percent.

Iowa’s Rural Mainstreet job growth over last 12 months was 2.8 percent.

U.S. consumer prices rose 0.4% in April. (This is good news if you are looking for a bit of upward price pressure).

The May RMI for Wyoming increased to 34.3 from April's 31.4. The May farmland and ranchland-price index rose to 12.3 from 10.5 in April. Wyoming's new-hiring index fell to 31.0 from April's 37.8. Wyoming's Rural Mainstreet job growth over the last 12 months was minus 3.3 percent.