

Anderson

This year, the local economy is driven by events at the national level. The biggest part of the story is the national economic slowdown. For Anderson and Madison County, the most volatile component of the local economy is the automotive manufacturing sector. Typically, when national recessions hit, Anderson's local economy is driven into the depths of the national trough. Whether the national recession is mild or severe, we have had some difficult experiences with unemployment and falling income as a result of our reliance on the automotive industry. Since the recession of 1981–82, that volatility has been changing.

Unemployment in the county has been following the national trend, with increases in 2001 and 2002 (see **Figure 1**). Madison County's unemployment in 2001 rose to an average of 4.6 percent, an increase over 2000 but lower than the U.S. unemployment rate of 4.8 percent in 2001. With the economy slowing down even more in 2002, we would expect the local rate to rise above the national rate as in years past, but that has not happened. For the first eight months of this year, the local rate has averaged 5.8 percent. The national monthly average has risen to 5.9 percent. Despite the local history of deep reactions to national economic slowdowns, our recent experience is encouraging.

The local labor market has continued to reflect the diminishing presence of manufacturing. Through 2001, there were fewer jobs available in the county. Covered employment in the county fell to 45,173 by the

end of 2001. There were still 64,023 residents of the county working in 2001. The disparity in the number of people working versus the number of jobs available is due to a number of factors, including the commuting patterns of workers (see **Figure 2**). Nearly 20 percent of the employed people who live in Madison County have jobs outside the county. Approximately half of the commuters travel to Marion County for employment. The employment losses we have experienced are clearly driven by manufacturing. For 2001, there were 1,200 fewer jobs in manufacturing in the county. This was one of the largest job losses for a one-year period over the past twenty years. The job losses can be attributed to the closure of Magnaquench and the ongoing attrition in the remaining automotive facilities (retirees are not being replaced at a 100 percent rate).

Income growth was modest through 2000 (the most recent year for which information is available). Per capita income in the county grew to \$24,483. This is a modest increase from the year before. Income in the county is still below the average for the state of Indiana. On average, income for Madison county residents is 91 percent of the state average. There are two obvious contributing factors: manufacturing wages fell, and the share of manufacturing for total employment in the county also fell. The income numbers for 2001 will likely show the impact of the national slowdown. Since the manufacturing wages in the county fell (from \$53,480 in 2000 to \$51,494 in 2001), and the share of

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Figure 1
Unemployment Comparisons
September 1990 to September 2002

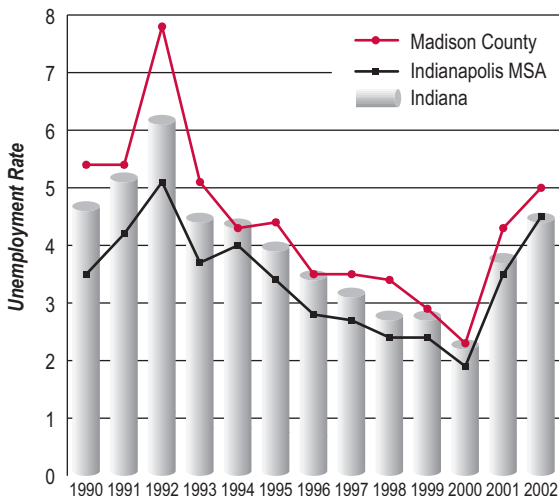
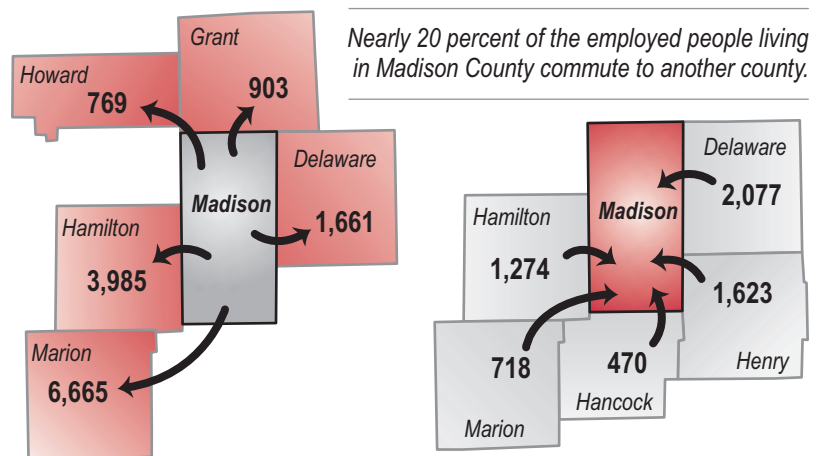


Figure 2
Madison County Commuting Flows, 2000



Bloomington

income earned from manufacturing has also been falling (to only 35 percent in 2000), we should expect near zero income growth for 2001 and 2002.

The housing market has been maintaining a modest growth rate since 2000. The number of housing permits issued in 2000 was only 355. That number increased to 373 in 2001. Overall, the number of permits continues to be modest in comparison to the performance of the mid-1990s. As many as 774 permits were issued in the middle of that decade. We continue to see the opposing forces of low mortgage rates pushing against slow income growth and slack job markets.

Retail sales fell in 2001 by 7.5 percent compared to 2000 but remain at historically high levels. Compared to retail sales in 1999, sales increased over the two-year period by 11.5 percent. The loss in retail sales from 2000 is not so much a local issue as it is a reflection of the national economic slowdown.

In the short term, we would expect more of the same for the near future: losses in manufacturing jobs, unemployment rates that move within 0.5 percent to 1 percent of the national rate, slow to near zero income growth, and an unpredictable housing market.

The long term future for the City of Anderson and Madison County may be revealed in part by a recent article published in the *Herald Bulletin*. In this article, a study from IUPUI reported that the most urbanized corridor out of Indianapolis over the next forty years will be the I-69 corridor from Indianapolis through Anderson as far as Muncie. The question facing our future is, will the City of Anderson and Madison County accommodate that growth? Will we move forward to welcome this expected economic expansion? The article suggested that public school performance and the availability of city services are critical to economic growth. Improvements in our public schools now seem possible with the change in leadership in Anderson. Hopefully, the city will also be willing to accept a change in business focus, from the large automotive mentality of the past to an expanded willingness to facilitate small business or large and more technologically-based enterprises. A change like this would brighten the future for Anderson and Madison County. ◀

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In many ways Bloomington is to Indiana what California is to the United States: the tenth most populous city in the state often serves as Indiana's harbinger. It appears that what is happening in this community might likely show us what is in store for Indiana.

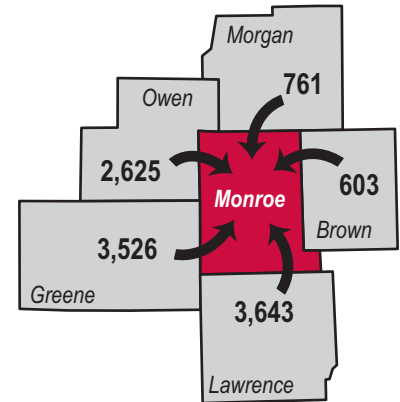
Economically, this has been a rough year for the Bloomington Metropolitan Statistical Area (MSA). However, the community remains one of the economic leaders in the state. This is an economy that is in transition, but it is not clear what Bloomington's economy is moving toward.

Reviewing changes in population, employment and wealth provides a quick evaluation of Bloomington's overall economic health. In terms of population change, the Bloomington MSA continues to grow (see **Figure 1**). In recent years, its rate of growth has slowed somewhat from the previous twenty years, but the population is still growing. Bloomington's population growth rate between 1990 and 2000 is slightly above the state average.

In terms of employment, the community has shown a strong performance over the past twelve months. The September 2002 unemployment rate for the Bloomington MSA was 2.9 percent, in contrast with the state average of 4.6 percent. Bloomington had the third lowest unemployment rate in the state.

With a residential labor force of 61,390 in 2001, the community is also important to the economies of Greene, Owen, and Lawrence

Figure 2
Commuting Patterns, 2000



counties. This residential labor force has remained stable. Bloomington continues to serve as a regional employment center. Over 11,000 people commute to the community to work (see **Figure 2**).

While employment has remained strong in Bloomington, the nature of that employment is changing. After years of expansion, manufacturing employment in the county has shrunk over the past several years (see **Table 1**).

Manufacturing now represents a smaller part of the Monroe County employment base than it does in any metro area in Indiana.

A trend that Bloomington has been experiencing for the past four years continues. Earnings from manufacturing declined from \$390 million in 1998 to \$360 million in 1999. Bloomington experienced a net loss of approximately 2,400 manufacturing jobs in the past twelve months.

Figure 1
Monroe County Population

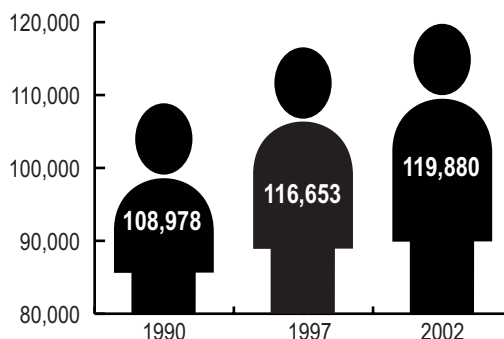


Table 1
Percent of Manufacturing Employment

Year	Monroe County	County Rank (out of 92)
1970	25.1%	51
1980	16.1%	66
1990	14.9%	70
2000	12.34%	74