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. ◂

Bloomington

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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.

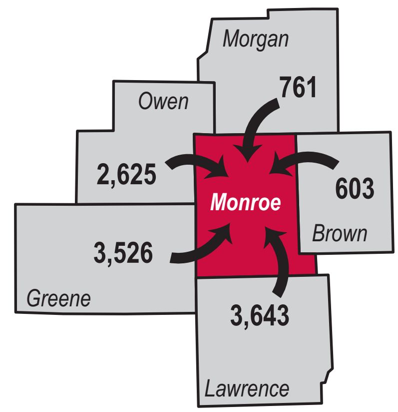
Economically, this has been a rough year for the Bloomington Metropolitan Statistical Area (MSA). However, the community remains one of the economic leaders in the state. This is an economy that is in transition, but it is not clear what Bloomington's economy is moving toward.

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 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**).

Figure 2
Commuting Patterns, 2000



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

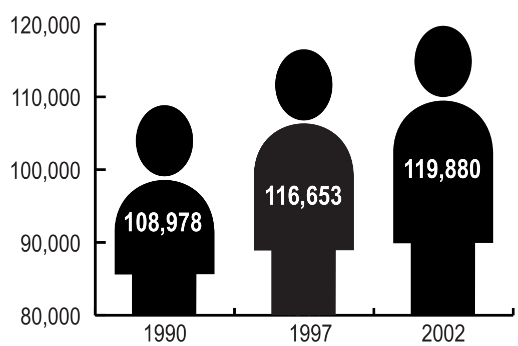


Table 1
Percent of Manufacturing Employment

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

However, despite the substantial loss of manufacturing employment, Bloomington's economy has remained relatively stable. The community has partly compensated for the loss of manufacturing employment with the growth of service and government jobs. Government now accounts for approximately 25 percent of the employment base, and service sector jobs make up over 25 percent of the employment base in Monroe County. Wages from government in 2000 totaled approximately $665 million; this includes employment at Indiana University Bloomington. This is an increase of almost 5 percent from the previous year. Wages in the service sector saw a stronger growth of approximately 8 percent, with growth in the health, business services, and engineering subsectors.

Bloomington continues to be an economy in transition. The community remains a locus of manufacturing, but the growth in higher wage employment appears to be coming from the government and service sectors. It will be interesting to see if the Bloomington experience reveals a new approach to the Indiana economy: retain a core manufacturing base, but grow the overall economy through higher paying jobs in education and service. ◀

Columbus

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No dramatic boom is waiting for Columbus and Bartholomew County in 2003. Business activity next year will look much like it did in 2002, according to forecast data from the Kelley School of Business at Indiana University.

If economic conditions turn out as forecast, Bartholomew County will do reasonably well. A double-dip recession is unlikely, as long as political or international events don't derail the U.S. recovery. But we also won't see the frantic pace of business expansion that took place in the late 1990s.

Bartholomew County's economic activity did not drop as much as in many other Indiana counties during the 2001 recession, so it won't experience as much of a bounce during the economic recovery. Total employment may rise but not very fast.

Throughout the recent recession, the unemployment rate in Bartholomew County almost always stayed below the state and national average (see **Figure 1**). Since conditions in the area are already better than in much of the state, Columbus and Bartholomew County don't have a gap to make up.

A continuation of very low interest rates is likely to fuel car sales in Bartholomew County. Low interest rates typically are good for the housing sector too. But many economists believe that much of the demand for home upgrades and refinancings has already been met. A gentle slowing of real estate demand will be offset by the general economic expansion. So the level of real estate activity in Columbus and Bartholomew County should be about even with 2002.

Health Care

One of Bartholomew County's main growth sectors has been health care (see **Figure 2**), and that should continue strong in 2003. Cost management and streamlining work in favor of regional health care centers—that's what Columbus is becoming. Total employment in the county runs just over 40,000 jobs. The number of jobs in health services is nearly 3,700, which gives the sector close to 10 percent of total county employment.

Manufacturing

In the coming year, however, Bartholomew County's manufacturing sector faces significant economic uncertainties. While the county's employment base has diversified in recent years, 38 percent of all jobs still come from manufacturing, according to ES-202 reports from the Bureau of Labor Statistics.

And most of the major manufacturing companies are not growing in Bartholomew County. Five years ago, there were thirty-one firms in Bartholomew County which employed more than 200 people each. At last count (at the end of 2001), there were only twenty-six. Compared to fourth quarter 1996, manufacturing employment in the county at the end of 2001 was lower by about 1,100 jobs (see **Figure 2**). But the top ten manufacturing employers lost nearly 2,000 jobs. Smaller firms and the health services sector made up for some of the loss, but not all of it.

Random events affecting just one big company can have a tremendous effect on Bartholomew County. Right now, highway

Figure 1
Bartholomew County Unemployment