

Columbus

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. ◀

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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.

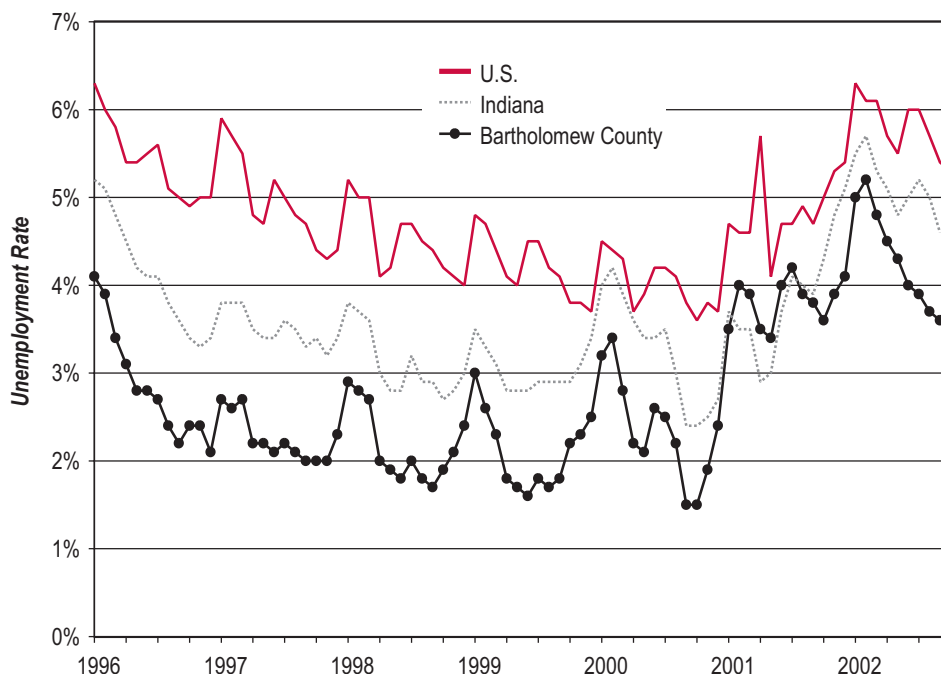
Manufacturing

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.

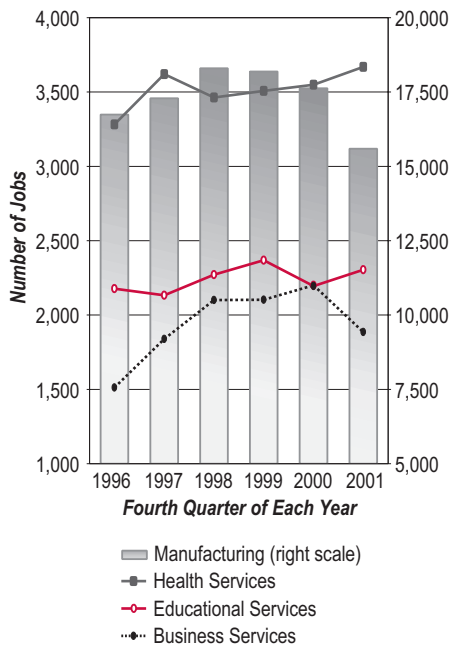
Random events affecting just one big company can have a tremendous effect on Bartholomew County. Right now, highway

Figure 1
Bartholomew County Unemployment



Evansville

Figure 2
Bartholomew County Jobs



freight tonnage is expected to show modest growth in 2003, indicating a stable demand for diesel engines. Any number of factors, though—economic, political, or competitive—could change that.

Education

Another area of uncertainty for the long-term future of the county will be the education sector. At the 2000 census, 22 percent of the Bartholomew County adult population age 25 and older held bachelor's degrees. That was the twelfth highest rate of all Indiana's ninety-two counties. But Indiana as a state ranks near the bottom among all states in the nation. Indiana was in forty-third place, with a level of education on a par with Alabama, Louisiana, and Tennessee. If Bartholomew County were a state, it would have ranked about thirty-second, alongside North Dakota, Wyoming, and Pennsylvania, but well below the rates near 30 percent found in Virginia, Vermont, and Minnesota.

Employment in the educational services sector has risen gradually in recent years (see **Figure 2**). The area's ability to raise the level of education in the workforce will be important in determining whether economic prosperity comes to Bartholomew County or gets diverted to Minnesota and Vermont. ◀

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The Evansville economy has slowed significantly since the turn of the century. The index of economic activity maintained at the University of Evansville reached its maximum in 1999, posted an inconsequential decrease in 2000, but fell by 3.4 percent in 2001. This compares to a 0.3 percent growth in national real Gross Domestic Product (GDP) over the same time period. The decline was spread broadly, but there were sharp declines in the construction and transportation sectors. The only component of the index to show positive growth was the financial sector.

The index uses electricity sold to industrial users as its proxy for industrial production. The total value of new construction permits in Vanderburgh County is used to measure construction activity. Transportation is measured by annual enplanements at the

Evansville Regional Airport. The index uses metropolitan area employment in wholesale and retail trade to measure the level of activity in the trade sector, and employment in finance, insurance, and real estate as the finance component of the index. The base year for the index is 1998 (see **Table 1**).

The future is uncertain, but it can be viewed with guarded optimism. Recent announcements of the expansion of Toyota and its suppliers, the arrival of Ford in Gibson County, and the recognition of the area labor force's work ethic all speak well for the future of our area. The obvious downside risks include the uncertainties of international terrorism, the engagement of our military forces abroad, and the effects of further uncovered financial chicanery on the financial markets. ◀

Table 1
Index of Economic Activity in Evansville

Year	Industrial Production	Construction	Trade	Transportation	Finance	Index	Index Growth
1995	0.32	0.04	0.27	0.05	0.23	0.90	
1996	0.33	0.06	0.27	0.05	0.24	0.94	4.53%
1997	0.33	0.05	0.28	0.06	0.23	0.94	-0.28%
1998	0.36	0.07	0.28	0.06	0.23	1.00	6.21%
1999	0.38	0.09	0.29	0.06	0.26	1.08	8.10%
2000	0.40	0.07	0.29	0.06	0.26	1.08	-0.06%
2001	0.39	0.04	0.28	0.05	0.28	1.04	-3.40%
Change From 2000	-2.61%	-37.45%	-1.51%	-13.41%	4.94%	-3.40%	