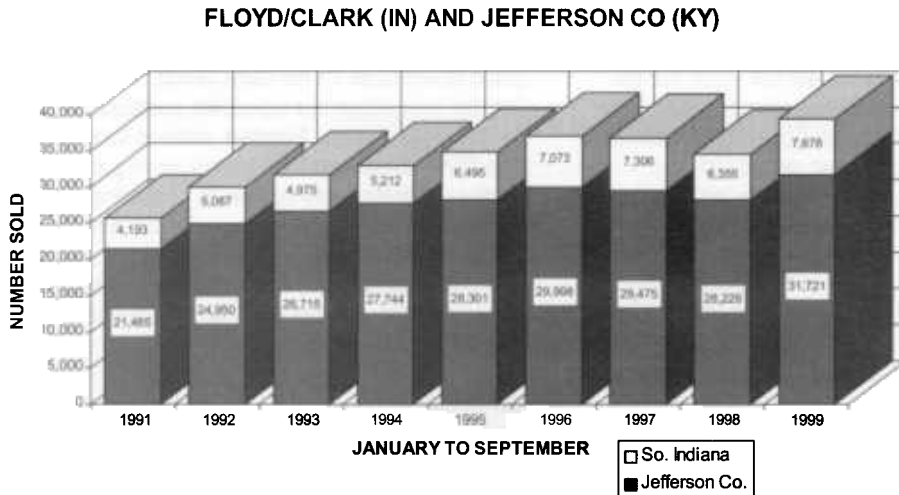


**Figure 4**  
**New Car and Light Truck Sales**  
**Floyd/Clark (IN) and Jefferson Co. (KY)**



jobs next year, will the workers be there to fill them yet again? Equally important, will the available workers have the qualities and skills needed?

Also, there is the possibility of national developments leading to higher interest rates or to other problems that could slow local consumption or output growth. We are, of course, tied into the larger economic world.

Still, the underlying fundamentals for continued growth appear strong. While it is possible that these areas of concern could dampen the growth somewhat, there is no reason to expect them to derail it. The area economy is much more diversified than in previous decades, which can cushion the impact of problems affecting one or two sectors. New firms continue to locate here and existing firms continue to announce expansion plans. The international economy should be stronger next year, which will benefit many of our businesses.

The labor force has shown much greater supply elasticity in the last two years than we expected and will probably do so again, particularly if employers continue to be resourceful in their efforts to attract and retain workers. Employers have also been resourceful about increasing efficiency and productivity, thereby offsetting some of the labor shortages and contributing to the low rate of inflation. Competitive pressures in our increasingly integrated economy will induce this beneficial activity to continue as well.

All in all, the year ahead should see moderately strong growth for the Louisville metropolitan area economy.

## Evansville

**M. Gale Blalock**

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Evansville finds itself in a sea of economic growth. There are steel mills growing to our east and an automobile producer growing to our North. Firms in the area continue to grow, and local firms selling abroad are also likely to experience increases in demand as Asia recovers and Europe takes off.

Indiana workforce development reports annual pay levels have been recently rising at rates exceeding six percent. They report earnings in southwest Indiana to have averaged \$23,800 in 1996, \$25,200 in

1997 and \$26,900 in 1998.

Unemployment continues to fall. It is at a thirty year low for the nation at about 4.5%, for the State, it is about 2.5% as it is for our fair city as well.

The question this begs is, "Can we continue to grow with fewer than 5,000 people looking for jobs?" If we are to continue our growth, it is obvious that we must rely on increased productivity from the workers we now employ. This will mean new capital, new technology and probably substantial investment in training or we must attract more workers. This will not be without cost as parts of our infrastructure are approaching capacity.

To attempt to quantify the growth record of the Evansville economy, I have attempted to resurrect the economic index calculated for years by my colleague Maurice Tsai. To date, I have used the same sectors as Dr. Tsai, Industrial Production, Construction, Trade, Finance, and Transportation. As a proxy for Industrial Production, I have gathered a series of data on sales of electricity to industrial customers from the SIGECORP annual report. The proxy I have used for construction is the total value of building permits issued in Vanderburgh County collected from the Vanderburgh County Building Commission. As proxy for Wholesale and Retail Trade, I have used the sum of employment in each of those sectors as reported the annual summary of *Indiana Employment Review* published by Indiana Workforce Development. Similarly, I have used employment in the finance, insurance and real estate sector as a proxy for activity in that sector. I have used boardings at Evansville Regional Airport as the transportation proxy. I have chosen 1998 as a base year, and weighted each series at its according to its relative real gross domestic product importance. And have reported the results in **Table 1**.

Initial analysis shows growth in the index at 6% rate from 1997 to 1998, which seems to be consistent with the data from Workforce Development on income growth in southwest Indiana.

**Table 1**

	Industrial Production	Construction	Trade	Transportation	Finance	Index	Index Growth
<b>1995</b>	0.32	0.04	0.27	0.05	0.23	0.90	
<b>1996</b>	0.33	0.06	0.27	0.05	0.24	0.94	0.00
<b>1997</b>	0.33	0.05	0.28	0.06	0.23	0.94	0.00
<b>1998</b>	0.36	0.07	0.28	0.06	0.23	1.00	0.06

## South Bend/Mishawaka/Elkhart

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Our review of the economies of the South Bend / Mishawaka and Elkhart / Goshen communities is based on the local economic indicators tracked by IUSB's Bureau of Business and Economic Research (BBER). **Table 1** reports several of these indicators which are, with the exception of unemployment rates, seasonally adjusted index numbers, expressed as a percentage of base year 1986 values. The table shows the monthly average for each year from 1993 through 1998. Figures for 1999 are preliminary in that they are not based on the entire year.