


INDIANA BUSINESS REVIEW

UPDATE



 A MONTHLY OVERVIEW
 OF ECONOMIC TRENDS
 INDIANA BUSINESS RESEARCH CENTER
 INDIANA UNIVERSITY SCHOOL OF BUSINESS

HOOSIER EARNINGS NEAR \$100 BILLION

Indiana's earnings (wages, salaries, self-employment income, as well as employer-paid benefits) are approaching \$100 billion a year according to data recently released by the U.S. Bureau of Economic Analysis. The 14

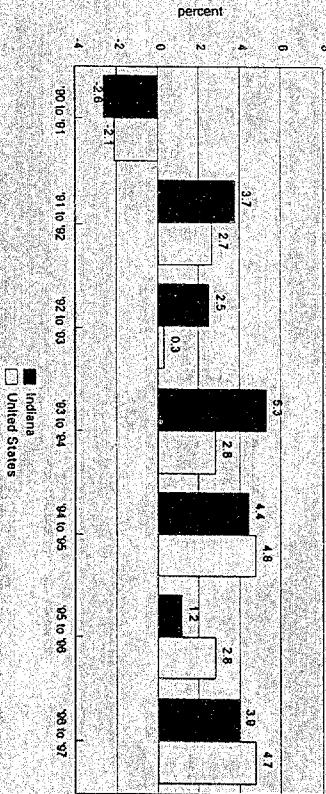


Fig. 1 Annual Growth of Earnings, (first quarter to first quarter)

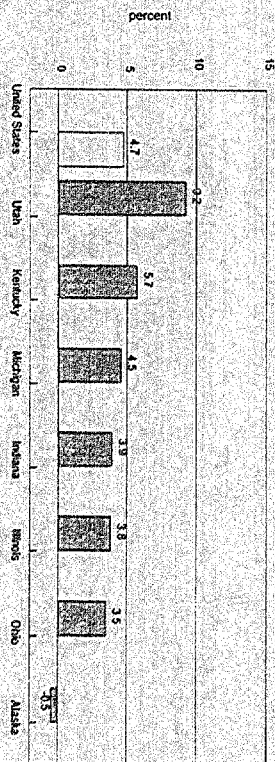
states currently above Indiana in total earnings all exceed \$100 billion. It is likely Indiana will join that group before 1997 is over.

Earnings in Indiana grew faster in 1996 than in the previous year. After adjustment for inflation, total earnings in the state advanced by 3.9% from the first quarter of 1996 to the same quarter in 1997. This was an improvement from the 1.2% increase of a year earlier (see figure 1).

Indiana's gain in 1996 marks six consecutive years of increased earnings. During the first three of those years, the state out-performed the nation in earnings growth. For the past three years, however, Indiana has trailed the nation's advances.

Indiana ranked 34th in the nation in earnings growth (3.9%) from the first quarter of 1996 to the same quarter in '97. Illinois and Ohio came in 35th and 42nd respectively with Kentucky (11th) and Michigan (27th) ahead of the Hoosier state. Utah led the nation with a 9.2% increase while Alaska was the only state recording a loss of 0.5% (see figure 2).

Fig. 2 Growth of Earnings by State, 1996:1 to 1997:1



In the last ten quarters, since 1994:3, Indiana has exceeded the nation's rate of growth in earnings only three times. Thus, the state's share of the nation's earnings has declined from 2.13% to 2.07% (see figure 3). If the state had maintained its 1994:3 share of earnings, workers in Indiana would have earned at a rate in excess of the \$100 billion mark in the first quarter of 1997.

Where has Indiana's growth of earnings been exceeding the nation's? Where have we lagged? Figure 4 shows that farming was Indiana's

Fig. 3 Indiana's Share of U.S. Earnings

