

Anderson

Barry C. Ritchey

Professor of Economics,
Falls School of Business,
Anderson University,
Anderson, Indiana

Sometime during 2001, or 2002 at the very latest, the historical relevance of manufacturing employment will take a back seat to retailing. The status of manufacturing, once the largest employment category for Madison county, will fall to third place behind the services sector and now, retailing. We won't notice it until after the employment numbers are calculated and reported to us later next year. But, clearly the history of Madison County employment will change. Manufacturing will no longer be the primary employment category for the county. Retailing employment will take over that role.

By the end of 2000, the number of manufacturing jobs had decreased to 10,816. The number of retailing jobs in the county stood at 10,336. Our average loss of manufacturing jobs throughout the decade of the 1990s was 500 per year. So it seems very likely that the number of manufacturing jobs in the county will fall below the level of retail employment. Of all the employment categories, manufacturing continues to have the most significant financial impact on the county economy due to its high average wage rates.

The population in Madison County stabilized and grew slightly during the decade of the 1990s. The 2000 census reported an increase in population to over 133,000. The city of Anderson's population also expanded to just under 60,000. The county is still below the population levels of the 1970s (139,000), but we see a reversal of the population loss during the 1980s (-9,000) to a gain in the 1990s (+3,000).

The employment picture has not changed much in the past year. Compared to last year, the number of jobs in the county remains steady at 45,600. However, in the past 10 years the job total has fallen by almost 4 percent. The loss of jobs is clearly being driven by the manufacturing sector. In the year 2000 another 453 manufacturing jobs moved away from the county. The potential closure of Magnaquench would be a significant loss to the local economy. There is clearly no sign of any reversal of the current structural changes.

Employment totals remain high. Over 63,000 residents of Madison County were working in 2000. The average unemployment rate for 2000 was a scant 3.3 percent. Following the national trend, the unemployment rate is rising for 2001, but only slightly. By August 2001, the unemployment rate had only increased to 4.4 percent.

The retail face of Anderson and Madison County has been changing quite a bit this past year. Penney's is now gone as an anchor store at the Mounds Mall.

Furrows has closed, along with Kmart and Ames. However, the pace of retail sales has yet to show much effect. The retail sales for the year 2000 still finished far ahead of years past. There was an increase of approximately 20 percent in retail sales from the 1999 level of \$1.167 billion for the county to a high of \$1.407 billion in sales for 2000, a particularly good year for consumer spending. This was consistent with Indiana and the nation. We should expect local retail sales totals for 2001 to be lower, reflecting the national trend of falling consumer confidence and spending. However, do not look for much effect from the loss of local retailing establishments. What we are seeing is the shuffling of retailing power from store to store rather than any change in the role of retailing in the local economy.

Personal income in the county (through 1999) continued to show unimpressive growth. Per capita income remained below the state average. Not only did we lose 453 manufacturing jobs, but the average yearly manufacturing wage fell from \$54,000 in 1999 to about \$53,500 in 2000. The national manufacturing slowdown likely had a negative impact on overtime for the local automotive plants. This was a contributing factor to our weak income performance.

Residential construction is below the pace of the mid to late 1990s. For 2000, the dollar value of permits issued was a modest \$42 million, while in 1996 we saw \$52 million worth issued. For 2001, we maintained last year's modest pace at \$34 million through August.

The short-term economic performance of the local economy is in keeping with the structural change that has been ongoing since the 1970s. We are meeting with moderate success in the short term. The long-term prognosis for the local economy is not as positive. We should expect the county to struggle to attract high value-added jobs. For the coming year, we should expect the local unemployment rate to rise along with the national and state levels. As in the past, we should anticipate an unemployment rate that is higher than the national level, but not strikingly higher (as say, in the early 1980s). Slower automobile sales at the national level will inhibit overtime hours in the local plants, which will depress income earnings. Slower consumer spending will also slow down local retail sales. Many economists are suggesting a mild recovery late next year. Until that recovery arrives we can expect modest economic activity locally.