

Evansville

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Economic activity, as measured by the index kept at the University of Evansville School of Business, continued its expansion through the year 2000. The index, shown in the table below, stood at 110 at year-end compared to 105 in the year prior. This 4.7 percent growth was slightly higher than the 4.1 percent growth of the national economy during the same time period.

Strongest growth was recorded in industrial production with an increase of 8.7 percent from 1999. The finance component of the index was next strongest with growth of 5.2 percent.

Anecdotal evidence suggests continued strength in industrial production and finance. It also suggests continued weakness in transportation. Only uncertainty characterizes the outlook for construction and trade.

Fort Wayne

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The new world of the U.S. economy—the post September 11th terrorist-attack economy—looks similar to the old world of the Fort Wayne area economy. Stated differently, it is now a given that the U.S. economy cannot escape recession, but the area economy has been languishing there for months.

That U.S. manufacturing has been and continues to be in recession is no longer debated. Likewise, Fort Wayne area manufacturing employment has suffered significantly. Manufacturing employment has declined more than 8.3 percent in the last two years (see **Figure 1**). Specifically, average third quarter 1999 seasonally-adjusted manufacturing employment was 75,276 jobs, compared with 69,015 during the third quarter 2001.

Given the relative importance of manufacturing—one of every four jobs in the six-county metro area (and one of every three jobs in northeast Indiana)—the area economy long ago succumbed to recession. Seasonally-adjusted total employment in the Fort Wayne area has decreased by 9,355 jobs—or 3.3 percent—between January and September (see **Figure 1**). Total employment has recorded year-over-year declines for the last eight months. In September 2001, total employment was 273,700 jobs (not seasonally adjusted), compared with 281,000 in September 2000.

Ironically, the net effect on the area economy of the September 11th terrorist bombing may be positive despite deepening the recession in the short run. The point is that prior to September 11th the area economy was doing a slow bleed but few noticed (or were concerned if they did notice). Since September 11th, national political debate has been focused not on the elusive social security surplus, but on a stimulus package to rescue the suddenly sick U.S. economy.

Unfortunately, an economic stimulus package has not yet been agreed to (as of the writing of this article), but it will occur.

The Evansville Economic Index

	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	0.05
1997	0.33	0.05	0.28	0.06	0.23	0.94	0.00
1998	0.36	0.07	0.28	0.06	0.23	1.00	0.06
1999	0.37	0.09	0.28	0.06	0.25	1.05	0.05
2000	0.40	0.09	0.29	0.06	0.26	1.10	0.05