
Comparison with Rest of the Midwest and the US

IEO Report 2003-1

Presentation by the Illinois Economic Observatory
Introduction

- Presentation focuses on examination of monthly employment data assembled by the Bureau of Labor Statistics
- Period covered is January 1990 through July 2003
- Focus on comparison between Illinois and Rest of the Midwest (WI, IN, OH, MI, MO) and US as a whole
Introduction (continued)

• Data are seasonally adjusted
• Each series is indexed to 100 for January 1990 to enable comparative analysis of growth (decline)
• Growth is calculated as the rate of change of employment for each month compared to the same month one year earlier
Introduction (continued)
• Data presented for Total Non Farm and
  – Construction
  – Manufacturing
  – Trade Transport and Utilities
  – Information
  – Professional and Business services
  – Financial Services
  – Education and Health
  – Leisure and Hospitality
  – Other Services
  – Government
Introduction (continued)

• Summary evaluation provided in comparison to RMW and US
  – Black indicates similar experience
  – Red indicates worse experience
  – Green indicates better experience
Total Non Farm Employment

• Illinois tracked US through Mid 1993
• By 2001, 7% point difference between US and Illinois growth rates
• Since 2001, decline in Illinois has been a little deeper than US as a whole but Illinois appears to be tracking US economy experience
• Rest of MW grew faster than US until 1999, then tracked Illinois economy more closely
Construction

- Illinois economy moves in parallel with the rest of the Rest of the Midwest (RMW) and US but:
  - Growth rates post 1996 have been well below RMW and the US
  - Some modest recovery at the end of 2002
  - 2003 experience parallels RMW and US – heading generally downward

- Overall experience:
  - RMW +/-
  - US -
Manufacturing

– REAL’s long-term forecasts in mid 1990s suggested continual erosion of manufacturing employment
– Steep decline through 1992 (loss 8% of 1990 base employment in manufacturing compared to 4% in US)
– Recovery through mid 1998 (parallel rate with RMW) but lower than US
Manufacturing (continued)

- Decline thereafter – ahead of RMW for 2 years then parallel decline
- US decline began in 2001
- Mid 2003 employment levels down 21% (Illinois), 17% (RMW) and 12% (US)
- Rates of decline for the last two years similar in IL, RMW and US

• Overall experience:
  - RMW -
  - US -
Trade, Transportation and Utilities

- Effect of early 1990s recession lasts one year longer in Illinois
- Recovery late 1992 more rapid than RMW and US
- Growth matched US and RMW until 1995, then was much slower until downturn in 2001
- RMW, US and Illinois downturns moving in parallel but Illinois entered recession with a smaller growth rate (1990-2001) than RMW or US

Overall experience:
- RMW
- US
Information

- Illinois enjoyed higher growth rate than the US and RMW through 1995
- Growth rates greater than RMW but lower than US
- Declines post 2001 slower than the US as a whole
- Overall experience:
  - RMW +
  - US -/+
Business and Professional Services

- Through 1995, paralleled US and RMW
- Growth rates consistently lower than RMW
- Downturn in 2000 six months ahead of the US
- Recent period (last 24 months) tracking RMW and US
- Overall experience:
  - RMW +/-
  - US +/-
Financial Activities

- Ahead of RMW and US through end of 1993
- Decline then stagnant through 1996
- Growth rates matched RMW and US through mid-1998
- Stagnant through 2003, then downturn: RMW and US slight growth with noticeable uptick in 2003
- Overall experience:
  - RMW
  - US
Education and Health

- Clearly a sector that is “population driven”
- Illinois and RMW move in parallel
- Illinois and RMW growth rates diverge from US in mid 1993
- Overall experience:
  - RMW +/-
  - US -
Educational and health-O

- National
- RMW
- IL

Data points for years 1990 to 2003.
Leisure and Hospitality

• Growth rates equaled or exceeded US and RMW through 1999
• Post 1999 experience more volatile than the US but not visibly different
• Illinois growth rates consistently better than RMW
• Overall experience:
  – RMW +
  – US +
Other Services

• Rates below RMW but until mid 1996 they were equal to or above US

• Since 1999, Illinois and RMW have moved in parallel slightly below US

• Overall experience:
  – RMW -/+ 
  – US -/+
Government

- Another population-driven sector
- Illinois, RMW and US moving in parallel through 1997, although Illinois revealed more volatility
- Illinois and RMW growth rates post 1997 have been lower than US with Illinois exhibiting recovery in 2003 after downturn at the end of 2002
- Overall experience:
  - RMW +/-
  - US +/-
## Summary Scorecard

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<th>Sector</th>
<th>Comparison to MW</th>
<th>Comparison to US</th>
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<tr>
<td>Construction</td>
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<td>Manufacturing</td>
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<td>Trade, Trans. &amp; Utilities</td>
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Summary Scorecard

• Beat RMW in two sectors (Information and Leisure) and US in one (Leisure)

• Do less well in three sectors in comparison to the RMW and five sectors in comparison to US

• Serious concerns about erosion of competitiveness in historically core sectors—manufacturing, financial services and trade