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The Grand Rapids Economic Index

Continued Growth Ahead

By William Peterson

The data to date reveals that the recovery from the 1980 to 1982 recession which began late in 1982 continues through 1986. This is true for the United States as a whole, as well as for the Grand Rapids area. From October 1982 to October 1986, the Grand Rapids composite index of economic activity grew at the average rate of about 6.7 percent per year. Comparable growth in the U.S. economic activity index, compiled by the same components that make up the Grand Rapids index, was 5 percent. These two indexes are plotted and shown for comparison. The growth rates are measured by fitting a growth curve to the data for the recovery period. The recovery in the United States during that period is typically measured by growth in real gross national product, an average of 3.9 percent per year. This figure differs from the growth rates cited above because the U.S. Economic Activity Index was constructed only to make comparisons with Grand Rapids and does not include the same components as gross national product. The figures given below show the growth rates in average annual percentages.

	Grand Rapids	United States
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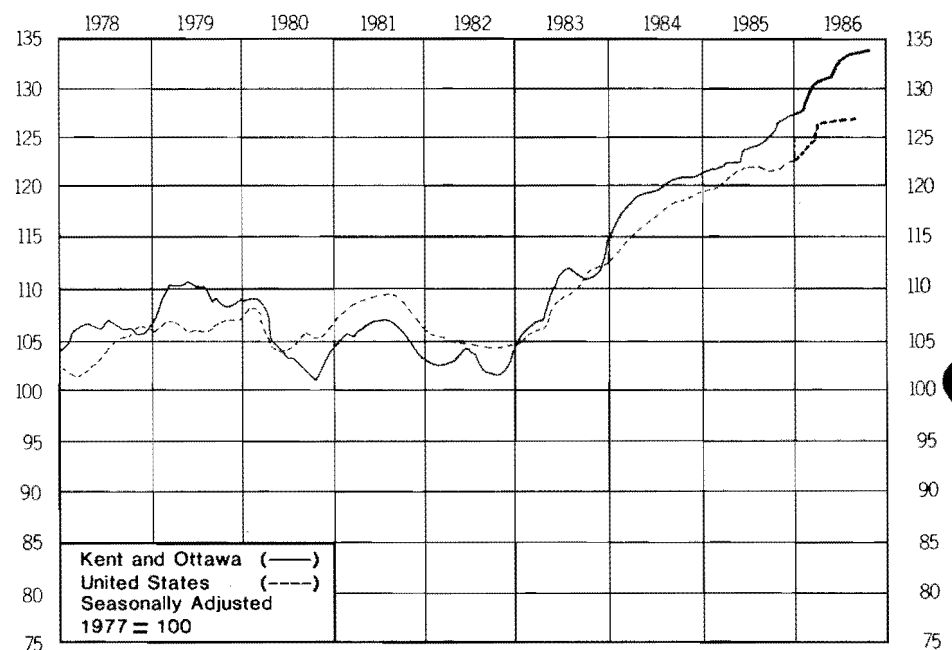
	Grand Rapids	United States
General business activity as measured by volume of checks written to demand deposits	10.3%	15.3%
Residential construction activity as measured by a transformation of residential construction contracts awarded	21.4%	8.2%
Nonresidential construction activity as measured by a transformation of non-residential construction contracts awarded	24.4%	7.0%
Industrial production activity as measured by consumption of industrial electric power	5.3%	2.7%
Employment as measured by employment of wage and salary workers	3.8%	3.5%
Retail sales as measured by the real value of retail sales in the United States and a sample of Grand Rapids retailers	7.3%	3.7%

Construction activity is always volatile. This shows in statistics for small communities much more dramatically than in statistics for a large country. Construction activity in Grand Rapids grows more rapidly than in the United States as a whole during recoveries from recessions

but it falls much more rapidly as the country enters a recession.

As of the time of this writing, facts about the economic activity index were available through July 1986. Estimates were used to extend the index values through October for the purpose of calculating growth rates.

Grand Rapids Economic Activity Index



Graduate Alumni Update

The Seidman School of Business Graduate Alumni began their fourth season of alumni luncheons with special dual-city kick-off luncheons. On October 20, at the Century Club in Muskegon, Roger Schwer of Canon Corporation hosted the Muskegon-Grand Haven area alumni. Dixie Anderson of Anderson-Morgan hosted the Grand Rapids area luncheon on October 29 at the Peninsular Club. Dean Marvin DeVries spoke at both events on "Update — Western Michigan Economic Conditions."

The winter luncheon has been set for Wednesday, February 4 at a Grand Rapids location to be announced. The

speaker will be Ronald La Reau, Senior Administrative Vice President at Prime Bank. He will lead a discussion of peer assessment techniques.

The Seidman School of Business is currently in the process of compiling a directory of alumni names, titles, businesses, and home addresses to be sent to all graduates this fall.

We are interested in what our graduate alumni are doing and encourage all alumni to send us a note giving information on recent promotions, awards, and other significant events. Please send such information to the attention of Vonnie Herrera.