

Labor Market Resiliency in the New North

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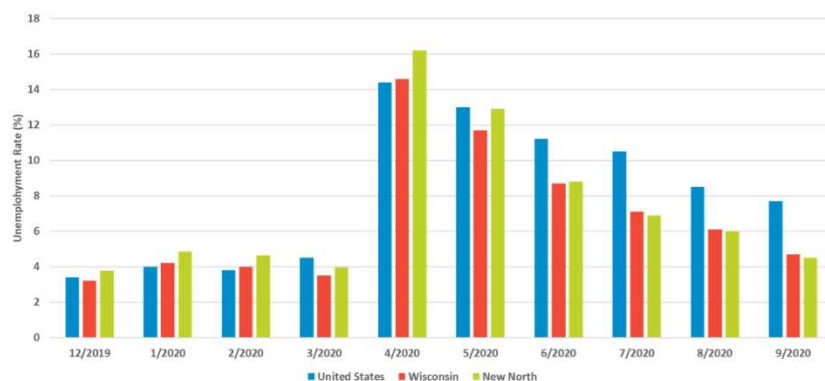
The 2020 recession resulting from the COVID-19 pandemic has been unprecedented both in terms of the suddenness of the economic deterioration and the magnitude of its effects. The changes in consumer and business spending brought on by the pandemic combined with mitigation approaches designed to slow the spread of the disease resulted in businesses being forced to shut their doors and layoff or furlough labor immediately. To provide some context, weekly initial claims for unemployment insurance peaked during the Great Recession at 665,000 nationally during the 15th month of the recession. This March, weekly initial claims peaked at a staggering 6,867,000 early during this recession, signaling this has been more than a slight stumble. However, as the legendary coach Vince Lombardi famously said, “The greatest accomplishment is not in never falling, but in rising again after you fall.” Although the NEW North economy has not yet fully recovered, it has weathered the storm better than the U.S. economy overall, which speaks to the resiliency of the labor market in our region.

In the 4 months preceding the March slowdown, Northeastern Wisconsin’s unemployment rate hovered between 3.8 and 4.9 percent before exploding in April to 16.2 percent. This was 1.6 percentage points higher than the unemployment rate for the state of Wisconsin, and 1.8 percentage points higher than the entire nation’s unemployment rate. However, despite experiencing a greater initial shock, the region’s unemployment rate recovered much more quickly than both the state and the nation. By May, the NEW North’s unemployment rate fell below that national average, and by July the region’s unemployment fell to 6.9 percent, 0.2 percentage points lower than the state’s average and 3.6 percentage points lower than the nation’s average. Through September, the region’s unemployment rate remains below both the state and national levels.

The composition of the NEW North’s economy may help explain the relatively strong recovery in the labor market.

Manufacturing is by far the largest sector of the region’s economy, both in terms of gross regional product and the size of the labor force. Manufacturing accounted for over \$18 billion of GRP in 2019, nearly triple the output of the next

	United States	Wisconsin	New North
12/2019	3.4	3.2	3.8
1/2020	4	4.2	4.9
2/2020	3.8	4	4.7
3/2020	4.5	3.5	4.0
4/2020	14.4	14.6	16.2
5/2020	13	11.7	12.9
6/2020	11.2	8.7	8.8
7/2020	10.5	7.1	6.9
8/2020	8.5	6.1	6
9/2020	7.7	4.7	4.5



closest sector. The sector also employs over 140,000 workers, more than double the average manufacturing employment for an area this size. This concentration of manufacturing is largely made up of essential manufacturers that produce goods such as food and beverage products, fabricated metal products, transportation equipment, and paper and packaging products. This allowed many of the region's largest employers to keep their doors open.

Although there are encouraging signs the NEW North has weathered the economic hardships associated with the latest recession better than the nation as a whole, the recovery is far from complete. Almost certainly the effects of the slowdown will still be felt well into 2021. However, as the current wave of cases starts to subside and the distribution of vaccines begins, the NEW North will hopefully continue its strong recovery as the new year begins.

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*New North, Inc., is a 501(c)3 non-profit, regional marketing and economic development corporation fostering collaboration among private and public sector leaders throughout the 18 counties of Northeast Wisconsin, known as the New North region. The New North brand unites the region both internally and externally around talent development, brand promotion and business development, signifying the collective economic power behind the 18 counties. The counties include Outagamie, Winnebago, Calumet, Waupaca, Brown, Shawano, Oconto, Marinette, Door, Kewaunee, Sheboygan, Manitowoc, Fond du Lac, Green Lake, Marquette, Florence, Menominee and Waushara. The **New North Mission** is to be the catalyst for regional prosperity for all through collaborative action. To find out more information about New North, Inc., please visit our website at www.thenewnorth.com.*

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