

Is Illinois taking care of business?

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Last month Forbes Magazine released their list of "The Best States For Business."

The good news is that Illinois moved up.

The bad news is that it went from No. 44 last year to No. 40 this year.

The rankings are a composite score made up of six major factors. They include the overall business costs, the quality and potential growth of labor, the regulations for business, the economic climate for the state, the prospect for economic growth as a whole and the quality of life. Of these six major categories, Illinois placed in the top half of all states in only two of the categories, the quality of life and the business regulatory environment.

The low rank Forbes gave Illinois is consistent with similar studies in academia.

Recently, the University's Institute of Government and Public Affairs released the Illinois Report 2007, which documents major economic trends within Illinois over the past 25 years and brings attention to some of the economic issues facing the state.

In its estimation, Illinois is not doing as well as some of its neighbors.

In the years between 1996 and 2005, nonagricultural employment grew by 3 percent. This is marginally below the 4 percent average in six other Midwest states, but considerably lower than the 12 percent growth of the U.S. economy as a whole.

"The economy is still growing," said Geoffrey Hewings, a professor of Geography, Economics, and Urban and Regional Planning at the University. "But, a lot of growth potential relocated out of the Midwest."

Looking back into time, the Illinois Report 2007 discusses how Illinois underwent an economic restructuring in the late 1980s and early 1990s because of the loss of manufacturing jobs during that time.

"Illinois became an economy dominated by nonmanufacturing two to three years before the U.S. as a whole," Hewings said. In part, this change cushioned Illinois when other states were suffering in the early '90s allowing it to grow at a higher rate than other states.

But the prosperity of the 1990s is over.

"Illinois is not the innovative national leader that it could and should be, given its size and wealth," said Robert Rich, director of the Institute. As he wrote, "Many people do not have full confidence in their government." Although there is no complete answer to solving Illinois ills, the Illinois Report, along with those released by other economic development bodies outline some areas that the state needs to work on.

They all admit that developing the workforce of Illinois is key to attracting business.

However, the report points to Illinois' budget as a source of long-term problems. Providing cheap energy, creating a solid pension system and curbing Medicaid all need to be done before Illinois can again be at the top, according to the Institute. Furthermore, the ailing higher education system needs to be dealt with.

"Without (a comprehensive approach), financial problems will continue to frustrate innovation and impede progress at nearly every turn," the report said.

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