

More study needed to halt Illinois job slump, economist says

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Illinois is mired in a deep employment recession that could linger for years unless the state unravels the roots of its nearly decade-long job slump, a new study by a University of Illinois economist warns.

Though lawmakers tout sweeping job-creation initiatives such as a statewide road and building program, Geoffrey J.D. Hewings predicts little relief until Illinois gets to the bottom of a steep employment downturn that has seen the loss of more than 447,000 [jobs](#) since 2000.

"The analogy is walking into a physician's office and the doctor has already written a prescription before you describe the problem and your symptoms," he said. "How can lawmakers talk about policy answers when they haven't diagnosed the problem?"

Economic data illustrate the need to invest in tracing the causes of the job drain, according to research by Hewings and doctoral student Rafael Angel Vera that will appear in The Illinois Report 2010, an annual policy analysis produced by the Institute of Government and Public Affairs.

For example, the mix of jobs in Illinois roughly mirrors the U.S., with similar percentages of workers in manufacturing, financial services and other sectors, Hewings said. But from 2000 though October 2009, the state gained only 35 jobs for every 100 added in the nation as a whole.

A new analysis of job markets in the state's largest metropolitan areas raises more questions, said Hewings, the director of the IGPA's Regional

Economic Applications Laboratory, which forecasts economic development based on analytical models.

The study found that metropolitan area employment growth has generally sagged even though the job mix varies by region, dominated by manufacturing in Rockford, government in Champaign-Urbana and Springfield, professional and business services in Bloomington-Normal, and trade, transportation and utilities in Chicago, Decatur, Kankakee, Peoria and the Quad Cities.

"There's nothing to show, for example, that economies with a higher reliance on manufacturing fared worse than their peers, or to explain why sectors like financial services that were considered a competitive edge for Illinois have seen anemic growth," Hewings said. "So clearly, we need to dig deeper for explanations."

He recommends surveying employers in targeted sectors to gauge their needs, why Illinois is falling short, and how the state could invest to improve its prospects.

"Is the problem with education, labor skills or the markets they serve or is it about corporate taxes or the dismal state of the Illinois economy?" said Hewings, an IGPA economist and the interim head of the U. of I. economics department.

"Without those answers, we can't develop policies that will create jobs now and ensure they continue to grow 10 or 15 years from now," he said. "The time for shotgun policies is over. We need to do some serious analysis before we can start enacting legislation."

Hewings says the state's employment slump extends well beyond the latest recession, which wiped out more than 358,000 jobs between December 2007 and October 2009. Illinois has yet to regain its non-farm

employment peak of November 2000, even though the nation climbed back to its peak in February 2005 after the 2001 [recession](#).

Through the end of 2009, Illinois was 447,200 jobs below the 2000 peak, the study found. Factoring in population growth, underemployment and workers who have dropped out of the labor force, Hewings estimates the state is now a net 600,000 jobs short of the 2000 high.

Unless Illinois uncovers the roots of its employment slump, restoring those jobs could take another decade or more, based on historical data, he said. Since 2000, growth has topped 50,000 jobs a year only once, which would mean 12 more years to recover the jobs if annual gains match that high-water mark.

"We've muddled our way out of past recessions, but this is going to require more than just a little tweak here and a little tweak there," Hewings said. "We need to figure out the core of the problem so we can make strategic investments and develop creative plans that will grow jobs."

Hewings' study is among nearly a dozen in The Illinois Report 2010, which will be released by IGPA next week to give policymakers an academic analysis of key issues facing the state. Other reports examine state's budget crisis, ethics reform and waste disposal and recycling alternatives.

Provided by University of Illinois at Urbana-Champaign

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