



## Region's R&D spending plummets

By BRETT ROWLAND - browland@shawmedia.com

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**PALATINE** – With investment declining, the Chicago region has lost nearly half of its private research and development jobs in the last decade, according to a new report by the Chicago Metropolitan Agency for Planning.

The report contradicts the notion that the region's manufacturing industry can't be revived. It recommends ways for the seven-county region to usher in an era of advanced manufacturing through innovation, workforce development and infrastructure investment.

Some of the report's recommendations are already being employed in McHenry County and other areas.

From 1970 to 2000, the region's R&D spending tripled and it was consistently ranked the country's second largest research hub, behind New York.

But that trend reversed. The region's R&D output has fallen from nearly \$6 billion in 2000 to \$4.1 billion in 2010.

"During this decade-long trend the region has been losing ground against smaller innovative regions like San Diego, Boston, Silicon Valley, and San Francisco," the report said. "As these regions enhance the R&D intensities of their manufacturing clusters and the Chicago region lags behind, it becomes harder for northeastern Illinois to adopt new technologies and compete in global advanced manufacturing."

Patent output – a key indicator of innovation – declined over the same time period.

"While in 2000 the region produced the fourth most patents in the nation, by 2010 its rank had dropped to eighth," the report said. "As manufacturing relies on R&D support to fuel next-generation technologies and productivity gains, the region's R&D decline contributes greatly to challenges that the cluster faces today."

Manufacturing firms account for more than 87 percent of the private R&D conducted in the state. Most of that is done by a small number of large firms. More than 80 percent of the state's manufacturers have fewer than 50 employees. Small firms are responsible for less than 6 percent of the state's private R&D.

"To be competitive in this hyper-competitive global economy, we need to re-establish the region as a leading center of manufacturing R&D," CMAP policy analyst Garrett Ballard-Rosa said during a presentation last week at Harper College in Palatine.

The report underscored the importance of manufacturing to the region's economy.

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Matt Francke of McHenry (left) and Coleman Kratzke of Woodstock look at product packaging at Catalent Pharma Solutions in Woodstock. (Northwest Herald file photo)



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