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Steep decline in R&D spending costs area jobs, planning group says



The Argonne electrolyte lab is shown in a December 2011 file photo. (Scott Strazzante/Tribune / February 26, 2013)

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MAPS

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The Chicago region has experienced a steep decline in private research and development spending over the last decade, according to a report released Tuesday by the Chicago Metropolitan Agency for Planning.

In reducing R&D spending and jobs from firms that focus on innovation, the region has lost ground to San Diego, Boston, Silicon Valley and San Francisco, making it harder to compete globally, according to the report. In total, the region lost a third of its manufacturing jobs in the decade ending in 2011.

To reverse the trend, the report calls for an increase in early-stage financing opportunities for manufacturers, more R&D support for smaller firms and for the region to reorient economic development strategies and focus them on manufacturing.

"By helping to secure more financing for innovative manufacturing startups, the region can ensure that novel ideas are transferred into production more frequently," the report states.

At 375,000 jobs, the region is home to the second largest manufacturing cluster in the nation. When adding jobs in support and customer industries, the total rises to 580,000. Chicago stands out because of its broad manufacturing core. Many of those industries employ high-skilled workers key to the region's competitive advantage.

Manufacturing, the report states, is the second largest component of the region's broad economy, contributing more than \$64 billion annually to gross regional product. "These productivity gains come even as the regional workforce has contracted, showing how firms have found ways to do more with less," the report states.

The figures show that manufacturing continues to be a vital part of the region's economic health, but it needs help.

The report also calls for the region to build off its base of science and engineering research at universities and national labs and to find a way to commercialize the results of their research via public-private partnerships. Together, Illinois-based universities and labs spent more than \$3 billion in R&D in 2009.

"Nurturing the type of advanced manufacturing that leverage metropolitan Chicago's competitive advantages will best position the region to benefit from this manufacturing moment," the report states.