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Study to assess benefits of economic cooperation between Illinois, Indiana and Wisconsin

By Kathy Bergen, Chicago Tribune reporter

Indiana, Illinois and Wisconsin are clawing at each other in the battle for corporate investment. So it may seem an odd time to engage in an in-depth study on how the three states can work together as a region to pull themselves out of their economic doldrums.

But, in fact, a prestigious international organization representing 34 industrialized nations is embarking on just such an assessment.

Paris-based Organization for Economic Cooperation and Development (OECD), whose predecessor fostered the rebuilding of Europe after World War II, is conducting an 18-month assessment of how the stalled region can better compete in the global economy. Findings from the nearly \$500,000 project are due in the first quarter of 2012.

Lance Pressl, president of the Chicagoland Chamber of Commerce Foundation, acknowledged that the level of interstate hostility has risen sharply since it planted the seeds for the project three years ago. But, he said, the study should produce a roadmap for economic growth that will serve for the next decade or two, during which time the political landscape can change.

"We don't have to all sing 'Kumbaya' around the campfire, but for a very practical reason, if we are interested in boosting our competitiveness and our level of prosperity in the region, we have to take steps," Pressl said. "Not to do it would be short-sighted."

After robust economic growth from the late 1980s through the '90s, the region has lagged the nation for much of the last decade, noted Frank Beal, executive director of Metropolis Strategies, a business-led civic organization. "It's an erosion that's troubling. We have wonderful assets, but the trends seem headed in the wrong direction."

Notably absent from the roster of organizations supporting the OECD study is the state of Indiana, which has been aggressively pitching for Illinois businesses, with its "Illinnoyed" ad campaign and the recent lowering of its corporate income tax.

"We don't do studies, we do deals," said Indiana Commerce Secretary Mitch Roob.

But the chamber foundation does have the cooperation of the states of Illinois and Wisconsin, the University of Wisconsin at Milwaukee, a Milwaukee commerce association and two Indiana business development organizations. And observers

say the project could be a valuable addition to myriad economic studies and rankings that stop at the state lines.

"We've got two or three state lines that block any sort of joint action on marketing ourselves, on infrastructure, environment, planning for education, on tax harmonization, on anything that would enable us to really leverage our strengths." said Richard C. Longworth, author of "Caught in the Middle: America's Heartland in the Age of Globalism."

For instance, the region is "held together by its mutual reliance on water, and I'm sure water resources will be one of our biggest money spinners of the future," said Longworth, who also is a senior fellow at the Chicago Council on Global Affairs. "But we're not thinking about it together."

There are more than 80 organizations in the region engaged in economic development issues, Beal said.

"There's a thousand blooming flowers, but no larger perception of where we need to go," he said.

Teams of experts will size up the region, ranging from metro Milwaukee through LaPorte County, Ind., in five areas: innovation capacity, green technology, workforce capabilities, transportation/logistics and global activity, from imports and exports to direct foreign investment. The first visit was in March; the next will be the week of June 20.

The OECD has conducted 25 similar studies in other multicity regions globally and will compare the tri-state area to those locales. The tri-state study is the first of its kind in the United States.

The organization "has a broad knowledge bank on what works," said Karen Kornbluh, U.S. ambassador to the OECD.

The study and its associated expenses will be funded by a number of grants, the two largest from the U.S. Department of Commerce's Economic Development Administration, for \$239,500, and the Illinois Department of Commerce and Economic Opportunity, for \$100,000. A Motorola foundation, Boeing Co. and Commonwealth Edison also contributed, as did the Chicago Metropolitan Agency for Planning.

The Chicago planning agency came out with its own regional plan for northern Illinois last year, and this study should build upon that, Pressl said.

Pressl acknowledged that "every study risks being placed on a shelf and ignored." But, he said, he's hoping the credibility of the OECD will carry enough weight to have policymakers take notice.

"The whole world will be watching," he said.

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