

## The seeds of job growth

Though the state's economic soil is fertile, it needs more and better seeds to create jobs

Indiana employers shed nearly 100,000 jobs last year, 40 percent of which were in the manufacturing sector. As these numbers suggest, despite good efforts the state's economic development hasn't kept pace, explains John Ketzenberger of the Indiana Fiscal Policy Institute.

Though it will take time, look to the life sciences sector and a better educated work force, he says, to grow employment opportunities.



### Business climate is key to job creation

By John Ketzenberger

**M**other Nature's spring has greened the Indiana landscape, but our economy's ability to grow new jobs or sustain the ones already here remains in a frosty limbo.



Ketzenberger is president of the Indiana Fiscal Policy Institute.

Manufacturing remains critical to the state's job growth — whether it's in the auto industry, agriculture or the emerging medical device sector — because without tangible goods, other important sectors such as logistics will falter.

Yet only two sectors showed any growth last year. The state's natural resources and mining sector added 200 jobs, according to the Bureau of Labor Statistics. Government at all levels added 2,400 jobs to outstrip manufacturing's total. As The Star's Ted Evanoff reported recently, that hasn't happened at least since the Civil War, and it's not an encouraging development in the effort to remake Indiana's economy.

Despite their best efforts, Indiana's economic development pros haven't kept pace. The Indiana Economic Development Corp. reports it helped develop or lure to the state nearly 20,000 jobs last year. Most of those jobs, however, do not exist yet and they're contingent on economic factors outside the IEDC's control.

Many of the promised jobs don't pay as well as those that were lost, either. For a state whose residents already have less buying power than most of their peers, this does

not help Indiana advance.

The state's massive and growing deficit in the Unemployment Insurance Trust Fund doesn't help matters. The General Assembly did delay a scheduled \$400 million premium increase on employers here, but the \$1.7 billion hole continues to grow. It will take at least a decade to fill that hole once the premium increase takes effect, which will dampen Indiana's job growth.

Given that new jobs are the crucibles of Indiana's economy, it'll be a while before we realize spring's restorative powers. Even the recession that ravaged Indiana's economy in the early 1980s is beginning to pale in comparison to the cur-

rent downturn.

But Indiana is not alone. Michigan's unemployment rate was 14.3 percent in January while our other neighbors hovered near 11 percent. All struggle with current budget deficits and are cutting services or, in the case of Illinois, enacting tax increases that threaten economic development.

However, Indiana is in a relatively strong economic position. The state's stable tax climate and the recent elimination of the inventory tax means it ranked seventh last year among the states with the lowest business costs, according to Growth Economics.

"That stability is really important in terms of business relocation and business expansion," said Graham Toft, the president of Growth Economics, who consults with officials in Florida and throughout the Midwest in addition to analyzing national economic development trends.

The state's economic soil, so to speak, is more fertile than its neighbors'. Indiana needs more and better seeds, though, to grow more and better jobs.

Those seeds can be found, literally, in places such as Dow Agro-Sciences, where an expansion announced Mar. 4 will mean 577 new jobs in the next five years that pay between \$65,000 and \$95,000 a year. Those seeds can be found figuratively in the state's growing life sciences sector, where expertise and innovation have led to new companies with great potential.

It's worth recalling that Indiana was a major center for innovation when the last century turned. The state was a key contributor to the Industrial Revolution, and the critical components were imagination and the willingness to fail.

Though late to the effort, Indiana still can participate meaningfully in the global economy as entrepreneurs here find more investors and a better-educated work force. Then we'll see the state's job-creation efforts take root.

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