



Recovery to bring significant boost in manufacturing, professor says

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Manufacturing businesses that survived the recession will soon look to ramp up or remove delays from planned investments as the economy recovers, Ball State University professor Michael Hicks said.

But he said the best places for businesses to invest capital will be in states where there are low taxes, available workers and a solid financial environment, among other things. Among states, he said Indiana is in a great position to woo these dollars from firms.

"This is a rare opportunity, a rare time, and Indiana is going see businesses looking at it and saying 'I've got the available workers, I have no expectations of a significant tax hike and I have the sixth-lowest overall taxes on myself and my workers,'" Hicks said. "This is going to be a good two to three years for new business here in Indiana."

Hicks, director of Ball State's Center for Business and Economic Research, spoke Wednesday at The Times' third annual Diversity Job Fair and Business Symposium at the Radisson Hotel at Star Plaza in Merrillville. His comments mirrored information presented in the 2010 Manufacturing and Logistics Report Card, which was prepared by the university and released Friday.

Conexus Indiana, the state's advanced manufacturing initiative, requested the report be completed. The report graded the 50 states on manufacturing, logistics, human capital, cost of benefits, global reach, productivity and innovation, tax climate, diversification of industries and venture capital activities. In each category, A was the best grade and F was the worst grade.

Indiana received A grades in manufacturing, global reach and tax climate. The state's lowest grades assigned were a C-minus in human capital and business diversification.

Also in the report, Hicks noted that he thought America's manufacturing output could return sometime in 2011-12 to peak levels seen in 2006-07.

"There's a tremendous pent up demand for new investment by businesses at the tail end of this recession," Hicks said Wednesday. "Many businesses have done very well during this recession, but they haven't expanded."

Although the National Bureau of Economic Research has yet to meet and declare the end of the recession, Hicks said Wednesday he believes the agency will find that it ended either in the second or third quarter of 2009.

He noted that labor is a lagging indicator is only now showing positive signs. Indiana's unemployment rate stayed unchanged at 10 percent in May and it was the fifth consecutive month of job growth in the state from a month earlier.

A couple other reasons people may not feel like the recession is over is because of Americans had a "great asset drop," or steep decline in wealth in the last couple of years, Hicks said. Homeowners saw their most biggest value asset drop, sometimes by double digit percentages, and more Americans are stockholders and many saw the value of their portfolios drop significantly, he said.

For more information:

See the full 2010 Manufacturing and Logistics Report Card at <http://www.cber.iweb.bsu.edu/research/2010>.