

The Illinois Report 2009

Chapter 1: The National Economic Crisis and the Illinois Economy

Transcript of video interview with author J. Fred Giertz

“The state of Illinois has not escaped the worldwide economic issues, and the problems that are going on, and that’s the context in which we’ll have to make most of the decisions in the next year.

“The two important things that have occurred in the last six months or so are one, the crisis in the financial markets which is unlike anything we’ve had for probably the last 70 or 80 years, where there’s been a lack of faith in financial institutions, not just banking but more broadly, and that’s generated a very aggressive intrusion on the part of the federal government including bailouts and loans and a whole host of things. Now, this is conceptually separate from and different from the stimulus package. The stimulus package is a more general sort of approach, which is trying to get the whole economy going faster again, moving out of the recession.

“So we’ve had these two similar and related issues, but not identical issues. One is how do we stabilize the financial sector, how do we get out of the crisis. We’ve made some progress there but the situation is still not totally back to normal again, and then we have the recession, which we find now has been going on for over a year, but just recently we had the most depressing report about the economy, saying that it’s fallen by more than three percent during the last quarter.

“So the state of Illinois faces a situation which is unlike anything we’ve had for probably at least 25 to 30 years, since the early 1980s, and most of our decisions have to be made in that context. Now, there’s nothing particularly unusual going on in the state of Illinois in regards to the economy, the economy in the state has more or less followed the national economy. There’s been a slowdown, in fact a decline now with the Flash Index, which is compiled by the Institute of Government and Public Affairs, falling below 100, with the expectation that it will continue to fall.

“So Illinois has suffered with the recession, but it’s not unusually impacted more than any other place. But that’s going to be the context within which we’ll have to look at most of the decisions, including very important decisions about the state budget.”