

O'Hare jobs study backs expansion Report sees gain of 185,000 posts

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Bolstering claims by the City of Chicago that expanding O'Hare International Airport will attract business, a new economic study from the University of Illinois estimates that new and reconfigured runways would create 185,000 jobs in the metropolitan area.

The study, believed to be the first independent paper to look at the O'Hare expansion and jobs, analyzes how airline travel has affected employment in nearly 100 U.S. cities and says that additional runways will bring new service-related jobs to the region. It is being released Friday.

The report comes at the end of a dismal week for the airline industry in which U.S. Airways filed for protection from creditors in U.S. Bankruptcy Court, United Airlines warned it may also file and American Airlines announced plans to lay off workers and slash flights.

But the study's author, Jan Brueckner, an economist with the university's Institute of Government and Public Affairs in Urbana, said those problems are simply a downward blip in the long-term escalation of U.S. air travel.

"I don't think it matters. There is an enormous demand for air travel and that isn't going to stop due to some problems with specific airlines," said Brueckner, who has done paid studies for the airlines in the past.

"If one airline doesn't do it, another one will," he said.

Brueckner's study also paints a rosy picture of the enduring impact airlines have on metropolitan areas.

It states U.S. airports that increase passenger traffic by 10 percent will witness a corresponding 1 percent increase in service-related jobs in the area. Therefore, if the expansion increases passenger traffic at O'Hare by 50 percent, area jobs will increase by 5 percent, or 185,000 jobs, based on statistics showing nearly 3.7 million people employed in the Chicago region.

"Even though Chicago has good airline service now, it can get even better with an expansion," he said. "There are clear downsides to expanding O'Hare from noise and environmental concerns to the surrounding area. But this study shows that the expansion will bring many jobs to the area."

The study is based on a "conservative" assumption, he said, that the O'Hare expansion

plans agreed to by Mayor Richard Daley and Gov. George Ryan will increase air traffic by 50 percent. City officials say the expansion will nearly double the number of flights at O'Hare, to 1.6 million a year.

But critics of expansion argue against assuming even a 50 percent increase, citing the most recent industry troubles as evidence the demand for more flights has been overstated.

"The basic premise that this plan to expand O'Hare will see a 50 percent increase in flights is flawed," said Joseph Karaganis, an attorney for the Suburban O'Hare Commission, the organized suburban group opposed to the expansion. "With the configurations of the runways they have devised, there are going to be massive delays during bad weather. They can't get a 50 percent increase at O'Hare."

Karaganis acknowledged that there is a direct correlation between airline traffic and jobs. But he noted that if the same number of additional flights were brought to a third airport in Peotone, the Chicago area would see the same job increase.

Expansion proponents embraced the study.

"Expanding O'Hare enables us to attract more people to the region," said Gerald Roper, chief executive of the Chicagoland Chamber of Commerce, which has said the expansion will bring 195,000 new jobs to the region. "O'Hare expansion means jobs and economic stability for the region."

The study is one of only a handful of reports examining the link between airline traffic and employment and the only one believed to examine specifically current issues at O'Hare.

In the report, Brueckner analyzed data from 91 U.S. cities, from Albuquerque to Wichita, to determine the link between airline traffic and employment. He separated out other factors that can affect employment, such as population, the number of college-educated adults and state tax burden on firms.

He found that as the number of air travelers increased so did the number of people employed in service-related jobs, from chief executives and insurance salesmen to real estate agents and fast-food vendors.

The new jobs include those at the airport as well as those created by people using the airports, he said.

"People in business are attracted to areas with good airline service," he said. "Having good airline service will mean that more firms will move their businesses to that city."

But the study did not show any effect of increased passenger traffic at airports on manufacturing jobs. Brueckner said that might be because he analyzed only passenger

traffic on planes, not freight flights.