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We must attract talent to Michigan to achieve goal of high prosperity

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BY LOU GLAZER

Obviously the Michigan economy has been dreadful this decade, primarily because the engine that still drives the Michigan economy is the troubled domestic auto industry.

Michigan has suffered an unprecedented seven consecutive years of job losses. Maybe most worrisome, per capita income is now at its lowest ever compared to the nation.

At the think tank I lead - Michigan Future Inc. - we are working on what comes next. Our goal: a high prosperity Michigan. A place with a per capita income consistently above the national average in both national economic expansions and contractions.

High prosperity is different from the most often used measure for economic success - low unemployment. There are lots of areas across the country with low unemployment, but low incomes. That isn't success to us.

In our latest report - "Michigan's Transition to a Knowledge-Based Economy" (available at michiganfuture.org) - we looked for what distinguishes those places with high prosperity from us. We found that almost all states with the highest per capita income:

- are over-concentrated compared to the nation in the proportion of wages coming from a broad group of industries where more than 30 percent of workers have a four-year degree or more;
- have a high proportion of adults with a bachelor's degree or more;
- have a big metropolitan area with even higher per capita income than the state;
- and, in that big metropolitan area, the largest city has a high proportion of its residents with a four-year degree or more.

Michigan is a laggard in all these metrics.

Our basic conclusion: What most distinguishes successful areas from Michigan is their concentrations of talent, where talent is defined as a combination of knowledge, creativity and entrepreneurship. Quite simply, in a flattening world, the places with the greatest concentrations of talent win.

In 2000, at the end of the boom years, Michigan still ranked 16th in per capita income despite ranking 34th in bachelor's degree attainment. In many ways, 2000 marked the end of an era when you could have high prosperity with low education attainment. No more!

In 2006 Michigan still ranked 34th in college degree attainment, but we were 26th in per capita income. Our best guess is that unless we substantially increase the proportion of college-educated adults in Michigan we will continue to trend downwards in the per capita income rankings towards the mid-30s.

There are no quick fixes! The Michigan economy is going to continue to lag the nation for the foreseeable future - until the Detroit Three automakers stabilize. But there is a path back to high prosperity. Others have done it, so can we.

Three keys:

1. Let go of the past. The old factory-based economy is no longer a path to prosperity. We need to stop voting for the Mitt Romneys of both parties who tell us they can make the past work again. They can't! The only way each of us as individuals and the state can get prosperous is by competing in the increasingly knowledge-based global economy.

2. Focus on talent - not a few high-tech industries. Preparing, retaining and attracting talent is the economic growth priority, not picking industries of the future. It's the broad-based knowledge economy (including many old line industries like health care, education, finance and insurance and corporate headquarters) where most of the good-paying job growth is occurring in the American economy. The asset that matters most to these industries is talent.

The most prosperous places are characterized by high talent concentrations, not necessarily new technology commercialization. Metro Chicago, with a broad knowledge-based economy, is far more typical of successful regions than Silicon Valley.

3. Create places where talent wants to live. For an increasing portion of mobile young talent, that means high density, mixed use, walkable and safe neighborhoods in and around central city downtowns. Something Michigan is lacking - even in Ann Arbor.

These are the ingredients for a high prosperity future. To get there we need new leadership - business and political leaders focused on what really matters: preparing, retaining and attracting talent.

About the writer: Lou Glazer is president of Michigan Future Inc., an Ann Arbor think tank that focuses on how the state can succeed in a knowledge-based economy. Our Economy columns run in the Sunday Business section. Interested in contributing? Contact Mary Morgan, opinion editor, at 734-994-6605 or mmorgan@annarbornews.com.

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