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Daniel Howes

Education is key to economic growth



Mitt Romney, the once-and-former Republican presidential hopeful, won last month's Michigan primary partly by promising to reverse the evaporation of manufacturing jobs in his native state.

He could never deliver, however much voters wanted to believe he could. Yet another reason why will be unveiled today in Michigan Future Inc.'s annual progress report on the state's transition to a knowledge-based economy.

Manufacturing doesn't drive per-capita income growth or job growth or exclusively define the middle class anymore; jobs requiring higher levels of education do. They account for 75 percent of the job growth nationwide, as well as higher wages and faster per-capita income growth. Even in lackluster Michigan, the education and health care sectors over the past five years created 47,000 jobs -- 40,000 of them in Metro Detroit.

"This is a) good news and b) the only way we get out of this mess is to grow quicker," says Lou Glazer, president of Michigan Future. "Targeting a few high-tech industries is a strategy that's unlikely to work."

He says the data suggests jobs, growing incomes and robust economies don't necessarily come from a state government picking which industries to support (Gov. Jennifer Granholm's 21st-Century Jobs Fund) or pulling the favorite Republican lever of tax cuts.

Talent wins, drives growth

They come in large metropolitan areas of a million citizens or more, where government helps create robust infrastructure beneath an economically competitive environment that values education, which, in turn, attracts talent.

"Quite simply, in a flattening world, the places with the greatest concentrations of talent win," says the report, co-authored with Don Grimes at the University of Michigan. "Unless we substantially increase the proportion of college-educated adults -- particularly in our biggest metropolitan areas -- Michigan will continue to trend downwards in per capita income."

Economic activity follows smart people, who generally are mobile. And smart people leave -- as Michigan can attest -- when economic activity flags, as it has for a long time.

"If your big metro is not working, your state's not going to have these kinds of jobs," Glazer says. "So Metro Detroit has got to work. Illinois' economy only works because Chicago is doing well."

Common sense, you say? Maybe, but the reality is that Glazer's tough-love message, echoed by others who a) focus on the data and b) superimpose it on business trends without c) being governed by nostalgia, effectively relegates swaths of human capital to has-been status.

"This is still a very hard sell," he concedes. Unpopular, distasteful and depressing aren't

synonyms for wrong, however. Economically, Michigan continues to drop like a stone (from 16th in personal income in 2000 to 26th in 2006) or flat-line (34th in educational attainment in 2000 and 34th in 2006).

The income slide, the worst since the Great Depression, "is a humongous decline," he says. "If that doesn't teach us that the premium Michigan had is toast, I don't know when we're ever going to learn that."

Neither do I. Michigan Future is only one of many civic and business groups marshalling data, studying trends and talking to counterparts around the country about fresh ways to influence public policy, to make suggestions and, yes, to deliver the brutal message too many in Michigan simply do not want to hear.

Those who do hear are not those who need to listen, meaning too many talking heads are talking to each other -- and that's not much progress.

Daniel Howes' column runs Mondays, Wednesdays and Fridays. You can reach him at (313) 222-2106, dchowes@detnews.com or detnews.com/howes.

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