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Transforming Michigan's Economy to Brains over Brawn

Future-shaping group speeds state's transition to knowledge economy

Lou Glazer doesn't need a crystal ball. Seventeen years after he helped found think tank Michigan Future Inc. to tackle public policy issues in the state, he already has a clear image of how Michigan should look if it's going to regain prosperity.

The work he's involved in — including developing strategies to reverse Michigan's brain drain and an attempt to create schools to assist students who learn differently — cuts to the core of the state's current financial and economic crises.

From the Ann Arbor group's beginnings in 1991, Glazer's overriding goal has been to speed along Michigan's transition to an economy that relies on brains instead of brawn.

“It's really about making a transition away from a factory-based economy to a knowledge-based economy,” said Glazer, the [Michigan Future](#) president, who is well-known in political circles but hardly a household name throughout the state. “We set this goal of Michigan continuing to be a place that has lots of good-paying jobs. In a flattening world, high pay for low skills is gone.”

With American blue collar workers facing stiff competition from lower-wage workers in places such as China and Vietnam, and with automation eliminating other jobs altogether, the best hope for future prosperity comes from a high-skill economy, Glazer points out.

“All the job growth in the American economy is coming from knowledge-based enterprises,” he said. “It's the industries where lots of the employees have four-year degrees. The knowledge economy is broad based, not just high tech. The list of sectors includes health care, finance and insurance, education, corporate headquarters, information (which includes most of IT but also old media), and professional and technical services. Places that do well are concentrated in those sectors of the economy.”

Glazer, spurred by the state's failed efforts to stop the move of the former Electrolux appliance plant from Greenville to Mexico, released a report to that effect in 2004. Called “A New Path to Prosperity?” the report found that factory-based economies had become lower-wage economies.

“That report got a lot of attention,” Glazer said. “It sort of burst a bubble in the state. The notion was that plants like Electrolux, if we could save them, were the foundation for a stronger economy. In 2004, that formula wasn't working anywhere in the country.”

Glazer's work with trying to push the transition of Michigan's economy dates back well before the 2004 report and, in fact, before the founding of Michigan Future.

Writing on the Wall

The writing already was on the wall for Michigan and the nation while Glazer served as deputy director of the state's Department of Commerce and a multi-department commission established in 1983 by Governor James J. Blanchard to find innovative ways to spur economic development.

At that time, the country already was experiencing the loss of basic manufacturing — T-shirts and other textiles, Glazer said.

“There was this notion that we had to get into advanced manufacturing,” he remembered. “Some of it was going to go offshore and some of it was going to be replaced by technology, but some of the high-end stuff could remain here” and serve as a solid foundation for economic growth.

When Blanchard lost his 1990 bid for a third term, Glazer and Doug Ross, a former Blanchard commerce director who had been working at a Washington, D.C., think tank, plus an entrepreneur named Dwight Carlson, decided to pursue their push for a knowledge-based economy by starting Michigan Future. Funded by the Kellogg, Mott and Dow foundations and several corporations, Glazer and Ross (for whom Glazer had worked when Ross was a state senator from 1979 to 1982), initially handled all the staff work.

“Doug was only there for a little more than a year and took a position with the Clinton Administration,” Glazer said. “Since '93, I've basically been doing this myself.”

Today, the nonpartisan, non-profit Michigan Future is 100 percent foundation-funded, with the original three foundations, as well as Hudson-Webber, McGregor, Skillman, Kresge and the Community Foundation of Southeast Michigan, supporting Michigan Future's \$700,000 annual budget.

Glazer, who runs the think tank from his home, relies on a half-time assistant for bookkeeping and secretarial work. Don Grimes, a University of Michigan researcher, supplies much of the economic data for Michigan Future's reports, and teams of experts are assembled and paid by the project when Glazer and his board of directors need other work completed. The bipartisan/nonpartisan board is composed of civic, business, education, health and foundation leaders from across the state.

Michigan Future traditionally has stayed away from the execution side of the equation. It researches and communicates solutions to what it perceives as economic problems and hopes legislators and others will step in and take action.

“The goal has always been this notion of trying to be a catalyst for change,” Glazer said. “We are not an entity that has ever run anything and we're not ever going to run anything.”

But that doesn't mean Michigan Future is in the business of generating reports suited for gathering dust. The group is actively involved with those entities that are tackling issues Michigan Future cares about.

“In the areas we think there are ideas [that are priorities] we want to be more hands-on in making those happen,” Glazer said.

For example, the group is partnering with the Detroit Regional Chamber on a [statewide internship initiative](#) expected to launch this fall. The goal is to create 25,000 new intern positions a year within three years, with many of those positions transitioning into full-time jobs.

The concern is that Michigan’s young, educated workforce is leaving the state in greater and greater numbers based on the perception there are no jobs here. The internship program is seen as a way to hook students before they leave, thus reducing the brain drain.

Talent Caucus

Michigan Future’s work on that issue also has inspired a bipartisan group of legislators to come together informally — the so-called Talent Caucus — to talk about how Michigan can keep its young, educated people home, and how to attract that demographic from other states.

“This clearly came as a result of some of the reports that Michigan Future published,” said Sen. Gilda Jacobs (D-Huntington Woods), who is part of the caucus. “This is not sitting on a shelf. There were a lot of us who were quite taken with this research.”

A key to transforming Michigan’s economy is attracting and retaining young college graduates. From bars to ballgames, Grand River Connection offers young professionals in the Lansing area a chance to get together for fun.

Jacobs’ association with Glazer dates back to the 1970s, when she worked in then Sen. Ross’ district office, while Glazer worked for Ross in Lansing.

“He really had just an incredibly brilliant mind,” Jacobs remembered of Glazer.

After reviewing some of Glazer’s Michigan Future work, including “A New Agenda for a New Michigan,” a 2006 document, and this year’s “Michigan’s Transition to a Knowledge-Based Economy” report, Talent Caucus members now are preparing to introduce a package of legislation early next year, Jacobs said.

“One of the problems we have in Michigan is young people leaving the state,” said Jacobs, whose two daughters decided to go to college and work in New York City because they perceived it to be more fun. “We think [retaining young people] is really important for the state.”

Another Talent Caucus member, Sen. Jason Allen (R-Traverse City), is working on a bill package to improve downtowns. While his efforts there weren’t spawned by Glazer’s report, they have the same goal in mind — retaining 20-somethings, who are drawn to trendy, urban environments such as Boston and Chicago.

Allen’s bills, 10 of which have already been presented to Gov. Jennifer Granholm, would do things such as give extra priority to trails going through downtowns, allow Downtown Development Authorities to lend businesses money for façade improvements, and allow

businesses to apply for Michigan Economic Growth Authority money to create high-end jobs in downtowns.

Allen said he also sees Glazer's talent retention efforts as part of the solution.

"I think Lou's (work) is significant," Allen said. "I think it's very appropriate. It's been very worthwhile to sit through those (caucus) meetings and get an idea of what's going on."

Michigan Future has been working along a parallel course from Allen on improving central cities. While Detroit has 15,000 young professionals, Chicago has 225,000, Glazer said. His presentation to thousands of the state's business, nonprofit and government leaders at the Detroit Regional Chamber's Mackinac Policy Conference this past spring included eye-catching graphics of how other Midwest urban areas are outpacing Michigan's core cities.

"If your central city doesn't work for young professionals, you're going to have a problem, because that's when you're most mobile — before you have kids," Glazer said. "These big metropolitan areas are really driving the knowledge economy."

Michigan Future is targeting Detroit, Grand Rapids, Ann Arbor, Lansing and East Lansing as places where there could be a large concentration of young talent if changes are made, Glazer said. That would mean creation of "24-7" neighborhoods with denser residential development, as well as entertainment and retail space.

Michigan Future, which is working with developers and municipal officials, hopes to see some results by the end of the year.

That's also the timetable for the group's efforts involving the creation of schools that would cater to children who don't learn well in traditional environments.

"Traditional schools have seen themselves as presenting material and if kids get it, fine, and if they don't get it, fine," Glazer said, adding that the new format would include less lecturing and more hands-on projects.

Wayne, Oakland, Macomb and Kent counties will be the first communities targeted, Glazer said.

With globalization and technology continuing to steamroll forward, these types of efforts by Michigan Future and other groups will be early steps in trying to boost the state's economy, Glazer said.

"All of us are going to have to continue to update our skill levels," he said.

Glazer, on the verge of turning 60, said he plans to help fight Michigan's economic battle for the foreseeable future.

“I’ve had the luxury for the last decade or so of defining the work I want to do and having the resources to do it,” Glazer said. “That’s a pretty nice luxury. I’m enjoying what I’m doing, so I’m not thinking about retiring soon.”

“There are not a lot of people in Michigan doing the kind of work I’m doing. It would be great if there were more people in Michigan focused on the future. The world is going to be a lot different place going forward.”

Doug Henze is a freelance writer and former business reporter for the Oakland Press in Pontiac.