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TOM WALSH

States know it's time to cooperate

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There was a time when the big industrial Great Lakes states -- Michigan, Ohio, Illinois, Pennsylvania, New York -- were so strong they could afford to be more chippy than neighborly with each other on the economic battlefield.

Less prosperous states in the Southeast, the Pacific Northwest and the mid-Atlantic banded together, collaborating on business attraction strategy and pooling their political clout.

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"We could afford to go our own way in the past because we had the wealth and the jobs and the muscle," says Ed Wolking, executive vice president of the Detroit Regional Chamber.

But those days are gone.

That's why the Detroit chamber offered up an idea last year to the Brookings Institution think tank, which had issued a report in late 2006 called "The Vital Center," on economic challenges facing the Great Lakes region.

What if we brought business leaders from around the Midwest together, the chamber suggested, for a meeting to discuss promising avenues for collaboration among states? And maybe we could also agree on a few key policy needs that we can hammer home to 2008 U.S. presidential candidates and anyone else seeking votes and campaign money from our region.

That meeting, organized by Brookings and the Detroit chamber, will take place Monday and Tuesday at the Henry Ford in Dearborn and be attended by chamber-of-commerce chiefs and other business leaders from Chicago; Buffalo, N.Y.; Minneapolis; Cleveland; Cincinnati; Indianapolis; Syracuse, N.Y.; Des Moines, Iowa, and other cities.

Driving the strong participation is a growing realization of shared problems facing the upper Midwest:

- There is too little venture capital for entrepreneurs. The Great Lakes region produces one-third of all U.S. patents and intellectual property, but less than 12% of the nation's venture capital is spent here, according to Brookings, based in Washington, D.C.
- There is a brain drain -- a net out-migration of college graduates -- in 10 of 12 upper Midwest states studied by Brookings for its "Vital Center" report.

- The region also has the most battered cities in the nation, and eight of the 10 most racially segregated metro areas in the country.

In an era where knowledge and talent trump all other economic attributes, the Great Lakes region is losing ground.

Nowhere is that more apparent than Michigan.

Lou Glazer, president of Michigan Future Inc., a local think tank, says Michigan was 34th among the 50 states in educational attainment of its residents in both 2000 and 2006. But Michigan's rank in per-capita income plummeted during that same period, from 16th in the nation in 2000 to 26th six years later.

"And our average income," Glazer says, "will eventually rank where our educational attainment does, because the thing that kept Michigan's prosperity high for a long time -- our concentration of high-wage factory jobs -- is disappearing."

John Austin, a Brookings fellow and vice president of the Michigan Board of Education, says the Great Lakes region is the natural place for states and cities to collaborate on economic projects involving freshwater resources and alternative energy.

"But unfortunately, we're late to the game in some of these areas," he says. "Why are we importing these giant wind turbines from Germany and floating them down the Great Lakes on big boats? We should be making them here."

And while states will continue to compete for specific projects, it's important to applaud economic wins nearby. "If Honda builds a plant in Indiana, as they are doing, that's a good thing for the Midwest because of the impact on the supply chain," says the Detroit chamber's Wolking. "If Columbus," Ohio, "and Toledo and Buffalo all do well, somewhere down the road we all profit."

Amy Liu, deputy director of the Metropolitan Policy Program at Brookings, said this week's meeting of business leaders from so many states is highly unusual -- and perfectly timed for political impact.

"The political reality," she notes, "is that in 2009 we will have a new administration in Washington and a lot of new members of Congress. There is going to be a hunger for ideas, particularly around the economy."

While many businesspeople would prefer little or no direct federal involvement in economic affairs, the reality is that the feds decide where billions of research dollars, and infrastructure dollars for roads and transit, are spent.


And for the most part, they haven't been spent hereabouts, even though Michigan and its neighbors have sent lots of tax dollars to Washington.

Don't expect Great Lakes business leaders to suddenly storm the halls of Congress demanding justice after this week's get-together in Dearborn. But it does make sense to join forces on things of mutual interest, even as cross-border battles rage over things like job-creating widget plants and star high-school football recruits.

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