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## To turn Michigan around, take the Minnesota route

*BY LOU GLAZER*

Minnesota or Alabama: Which state should Michigan want to be?

It's clear that we want and need change in Lansing and Washington to take the Michigan economy in a new direction. Given that the stakes are so high, the question we need to answer first is: Where do we want to go from here? Knowing where we want to go is essential to designing policies that work.

At Michigan Future Inc., our answer is a high-prosperity Michigan, with lots of middle class jobs that give each of us a real opportunity to realize the American Dream, where per capita income is above the national average no matter how the national economy is faring.

Let's look at those two states -- Alabama and Minnesota -- to understand why high prosperity is the right goal. Both states have an unemployment rate -- the usual measure of economic success -- below the national average. Alabama is at 4.7%, Minnesota at 5.3%. (Michigan leads the nation at 8.5%.)

Alabama's per capita income is \$32,404; its poverty rate is 16.6%, worse than Michigan on both counts. Minnesota has a per capita income of \$41,035; its poverty rate is 9.8% -- numbers Michigan, at \$35,086 and 14% respectively, can only envy.

Why are the two states so different? One key metric tells the story: In Alabama, 21.1% of adults have a four-year degree. In Minnesota, it's 30.4%. Michigan ranks in between, 34th nationally at 24.5%.

College attainment matters so much because what most distinguishes successful areas from Michigan are 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.

So, to us, the most important question to ask every elected official and candidate in Michigan is: If your strategy works, what state would Michigan's economy most look like? Do you want us to be Alabama or Minnesota?

To us, the answer is clear: We want to be a high prosperity state like Minnesota. But many in Michigan argue that the models for success are low prosperity states in the South, like Alabama.

One thing is certain: You can't get Minnesota's prosperous economy by adopting Alabama's policies. There is no evidence anywhere in the country that the keys to high prosperity are low tax, small government policies.

So if that isn't the formula for prosperity, what is? In our latest report, "Michigan's Transition to a Knowledge-Based Economy" (available at [michiganfuture.org](http://michiganfuture.org)), we found that almost all states with the highest per capita income, (1) are home to a broad group of industries where more than 30% of workers have a four-year degree or more; (2) have a high proportion of adults with a bachelor's degree or more; (3) have a big metropolitan area with a higher per capita income than the state; and

(4) 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.

There are no quick fixes. But there is a path. Others have done it; so can we.

Three keys:

- **Let go of the past -- the old factory-based economy.** No matter what candidates of either party promise, going back to what used to work is no longer a path to prosperity. The prosperous places of today and tomorrow are those aligning with the realities of a flat world.
- **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 nearly all of the good-paying job growth is occurring in the American economy.
- **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, especially in and around central city downtowns.

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.

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