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## **REPORT SAYS STATE NEEDS POLICIES TO ENCOURAGE NEW TALENT**

Revitalizing Michigan's economy will require state officials putting a higher priority on higher education and on revitalizing the state's urban centers, a report from Michigan Future Incorporated says, even if that means giving up efforts to save jobs in noncompetitive industries.

"For the past dozen years, Michigan has centered its economic development strategy on cutting taxes. It didn't work. And there is no evidence that it will work: the most successful areas around the United States are not characterized by low taxes," the report said.

The study found that none of the 10 states with the lowest overall tax rates were among the 13 states with the fastest growing economies based on intellectual capital.

Lou Glazer, a former state official and president of the organization and author of the report, said the most vigorous economies in the United States are those in higher-paying, knowledge-based industries.

"What most distinguishes successful areas from Michigan is their concentration of talent, where talent is defined as a combination of knowledge, creativity and entrepreneurship. Quite simply, in a knowledge-driven and entrepreneurial economy, the places with the greatest concentrations of talent win. So the economic development priority for Michigan should be to prepare, retain and attract talent," Mr. Glazer said in a statement accompanying the 44-page report.

While manufacturing, the state's largest industry, will continue to be important to Michigan's economy, it will be increasingly less important, the report said.

But the report said Michigan has been too slow to adapt to the changing global economy. And because the state is behind in moving to the higher-knowledge industries, Michigan will likely continue to lag in economic growth for the next several years, the report said.

The state needs to encourage a love of learning, encourage a greater entrepreneurial spirit as well create a greater atmosphere of tolerance to all persons, the report said.

While officials in Michigan worry about an overall loss of jobs, the report says, economic realities indicate there will be many good-paying jobs available in the future, but the state has to have the intellectual capital for individuals to take advantage of those jobs.

The report in some respects echoes the findings of Governor Jennifer Granholm's Cherry Commission, which called for the state to double the number of individuals with college degrees. Among the largest states, Michigan, with less than 25 percent of its residents with college degrees, is among the lowest in terms of population with bachelor's degrees.

The most important thing the state can do to boost its economy is invest in higher education, the report said, but it proposed instead that like the state's public K-12 education system that funds be granted to students instead of directly to the universities. The proposal would create a single fund that would effectively provide a "voucher" for all students from anyplace wanting to come to Michigan to study.

The report also said that even though Michigan's four-year universities have a constitutional guarantee of autonomy, the Legislature has been trying to set more policy limits on universities. To help build the state's economy, the state has to guarantee full operational autonomy of the universities, the report said.

The report also said the state should align its K-12 education system with its higher education system.