



## EXECUTIVE DIRECTOR'S MESSAGE

Daniel P. Gilmartin

### Study offers a new direction for Michigan

Wow! Talk about an economic wake up call for Michigan.

I just finished reading *A New Agenda for a New Michigan* by Michigan Future, Inc., an insightful think tank that is focused on redirecting Michigan's downward spiraling economic prospects. The report couldn't come at a more appropriate time, given Michigan's six straight years of job loss and a public that is growing tired of waiting for a turnaround. The report catalogues and analyzes the issues that have befuddled our state's economy in the post Proposal A era (since 1993) in a thoughtful and detailed fashion that is both unique and thought-provoking when compared to other reports of its kind. And some of its conclusions are sure to raise eyebrows.

The authors of the report answer the question "Where do we go from here?" by stating that Michigan's goal ought to be a high prosperity economy in which per capita income is measured above the national average no matter how well the national economy is faring. That seems easy enough. But, how do we get there?

The answer is quite simple according to the authors: *TALENT*. Building on works from noted authors such as Richard Florida and Thomas Friedman, the "New Agenda" calls for the need to attract and retain talented people to Michigan in order to jump start our knowledge-based economy. The jobs of the post industrial economy require talented and trained workers, and in Michigan we continue to lag behind other states in many telling statistical categories. The report calls for Michigan to tackle the issue head on and reinvest in education, universities and communities. Perhaps MSU professor Rex LaMore stated it best at the recent Michigan Municipal League Region I seminar when he said, "It's simple, we will either get smarter or we'll get poorer."

To support the cultivation of talent and the investment in knowledge based industries, the "New Michigan" report calls for action in several priority areas, emphasizing that it takes vibrant communities to succeed.

- Build an entrepreneurial, inclusive culture aligned with what Friedman has termed the "flat" world.
- Increase investment in higher education.
- Build regions that are attractive places to live, with vibrant core city neighborhoods to offset their suburban partners.

- Attract export based industries.
- Align K-12 education with a knowledge driven economy.
- Seek new regional leadership (civic, business and political).

What does this mean for state and local governments in Michigan? Several "New Michigan" strategies will require local governments to actively partner with the state, schools, universities and the business community if they are to be successfully implemented. Others, like improving regional infrastructure, are the exclusive domain of government. Infrastructure is defined both traditionally (roads, water, sewer, etc.) and non-traditionally (advanced internet connections, international airports, green infrastructure, etc.) in order to embrace a knowledge-based economy. Which begs the question, how can we pay for this given the fact that the resources available to local governments are completely mismatched with the expectations outlined in the report?

That's where the League, working with our partners in higher education and other key areas, is charting a new course. The authors of "New Michigan," while not offering specific answers, point a critical finger at the state's recent tax policy as an area that needs an overhaul. Beginning with Proposal A in 1993 the state has cut taxes dramatically, resulting in a relative tax burden that is now below the national average. Yet Michigan's economy is in many ways worse than it's ever been. Simply continuing to cut taxes, the authors argue, is not the answer. Actually, the report reads rather emphatically that "there is no evidence that tax cutting will ever work as an economic growth strategy." Furthermore, the report cites that states currently doing well in the knowledge based economy tend to be more high tax than low and even quotes Microsoft Chairman Bill Gates to drive home the point that access to talented workers is more important than tax policy.

Clearly, the debate in this area will continue to escalate (did I mention that it is an election year?) and I am sure that the report will get lots of attention around Michigan. If you're in search of some food for thought, you can download a copy at [www.michiganfuture.org](http://www.michiganfuture.org). ♦

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