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## The Glazer interview

by Jacob Leonhardt

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Lou Glazer of Ann Arbor is the president of Michigan Future, Inc., a non-partisan, non-profit organization generating new ideas on how Michigan can succeed in the Information Age. Michigan Future Inc. is launching a high school designed to connect students to good-paying careers in the automotive industry, an employer-centered system for reducing chronic unemployment in Detroit, and developing an action plan for revitalizing Michigan's central cities, as well as a new agenda for a new Michigan. Glazer worked for former Michigan Gov. Jim Blanchard's administration from 1983 to 1990.

SCN: Please tell us about how and when Michigan Future, Inc. was established. What are the organization's goals, and how is it working to achieve those goals?

Glazer: We got started in 1991. Our mission has been consistent all along. We try to help the state make the transition to what we would now call a knowledge-based economy, but away from the industrial economy. We're a think tank. We do our work by providing people with ideas and information about the Michigan economy and the transition we're going through — that the whole world, actually, is going through.

SCN: Michigan Future's first annual progress report states big metropolitan areas with a concentration of high-knowledge industries are the key to economic prosperity. Give us an idea of how the organization defines high-knowledge industries. What are some examples?

Glazer: The question we started with was: If you could choose, what is the Michigan economy that you would like to create? We've really made it a priority in all the work that we do, trying to figure out where we're going to get to, and our answer to that question is a high (degree of) prosperity in Michigan, a place where the per capita income is consistently above the national average in both national expansions and contractions. It's a status that we've enjoyed for most of the last century. We've historically been one of the most prosperous places on the planet. Unfortunately, we've now sort of lost that. In 2006, we were 8 percent below the national average in per capita income. It's our lowest since they started keeping records in 1929. It's the worst performance ever, really. The reason why that matters to folks is that the places with the highest per capita income are places that have the largest proportions of households with incomes over \$75,000 and the smallest proportion of households with incomes under \$25,000. To us, it's sort of a no-brainer that that's the kind of economy you want.

It turns out the places that have that economy have the four characteristics that we list in the report. The first one is the one that you mentioned, which is a high proportion of their employment and wages coming from knowledge-based industries. We simply define knowledge-based industries as those industries where 30 percent of the employees or more have a four-year degree. That's really sort of broad-based; it's not narrow, it's not just high-tech places. It's health care, education, finance and insurance, corporate headquarters, professional and technical services, along with the high-tech industries.

SCN: It's clear that education will be critical to improving the state's economic status. What needs to change in the state's higher education system to accommodate the transition toward a knowledge-based economy? What about at the elementary and secondary school levels?

Glazer: In terms of what's driving economies, it's where talent is concentrated. If you can only know one thing about either a state or a metropolitan area that would predict whether you have high per capita income or not, it's the proportion of it all to the (number of people with a) four-year degree. Ultimately what matters is where people choose to live and work after school, not where they go to school. We end up basically saying if you want the economy to grow, the priority is to retain and attract talent.

At the higher education level ... our sense is that, in a flattening world, there are a different set of skills that people will need because basically, what's going to determine how well you do economically is the skills that you bring to the labor market each day. The fact that you have an engineering degree from the University of Michigan 20 years ago has less and less value because people are looking for today's skills. The whole education system is going to have to be life-long. It's going to have to be based upon the continuous upgrading of skills rather than a defined set of knowledge. There are some changes we need to make in our higher education system, but what we argue in our work is that the biggest challenge we have in higher education is that we've been disinvesting in it. Over this decade, we've gotten into trouble. It's been one of the two places that have suffered the worst budget cuts. Our sense is that isn't a good strategy.

In terms of kindergarten through 12th-grade, the whole system has to be reformed. Teaching and learning have to change with the ultimate goal of substantially increasing the proportion of students who will leave high school academically ready for higher education. People tend to think of that as a central city or a low-income, minority problem. It's really not. It's really across the board. The whole system has to be changed. And that's hard. The whole country is struggling with that.

Let's just assume for the moment that we're able to make that transition. Let's assume that we're able to transform teaching and learning at the K-12 level, and that we're able to restore higher education. We would urge particularly the research universities to be a budget priority in the state. It's still not going to drive the economy if kids who grow up here and go to college here (eventually) leave. Ultimately, the ability to retain and attract talent is really crucial.

What we basically indicated in the report is a couple of things. One is that talent is increasingly concentrating in the largest metropolitan areas around the country — those with populations of 3.5 million or more. Metro Detroit is one of those places. It's just that it's not participating as much as it should in that economy.

Secondly, in those metropolitan areas, one of the common characteristics is that they have a central city with a high proportion of it's residents with a four-year degree. That's because central cities increasingly are where young, college graduates are going after they get out of school. From our perspective, this quality of place — particularly this vibrant, central city — really matters if you're going to grow your economy.

The three metro areas in the Great Lakes that have the highest per capita income are Chicago, Minneapolis, and Madison (Wisc.). In the city of Chicago, 29 percent of their residents have a four-year degree. In Minneapolis, it's 40 percent. In Madison, it's 53 percent. In Detroit, it's 11 percent. That's an enormous difference. That's the difference between places that are attracting young talent, recent college graduates, and places that aren't.

From our perspective, you've got to get your downtown neighborhoods, such as the city of Detroit, to work if you're going to grow the region's economy. So now there's 53 metros that have populations of a million or more. Metro Detroit is 34th in college attainment and 37th in concentration of knowledge-based industries. If you don't change those two things, we're going to continue to get poorer compared to the rest of the country.

SCN: We still hear some in the community, including parents, say that college isn't for everyone. Where do those without at least a bachelor's degree fit into Michigan Future's vision of the new economic model?

Glazer: (College) may not be for everyone. I think there are a couple things that are true. That's part of the Michigan challenge that we have a culture that doesn't highly value learning, which I think is reflective in that statistic. At some point, we've really got to work with both the parents and maybe even more importantly their kids, for them to understand that the most reliable path to good paying careers is education attainment. It doesn't necessarily have to be a four-year degree but it's got to be a four-year degree, a two-year degree, an occupational certificate or some sort of credential above and beyond a high school diploma. That's basically the only way people are going to get good paying jobs in the future unless they happen to be extraordinarily talented, entertainers, or athletes, which most of us aren't going to be. So that culture change is really important for the community.

For the broader, metropolitan area, it's the proportion of adults with a four-year degree that's going to determine whether we're prosperous. So for the community, the four-year degree really matters.

SCN: What do big metro areas like Detroit, Grand Rapids, and Lansing need to do in order to be attractive to knowledge-based businesses and young, bright, talented people; and what role should that state government have in that?

Glazer: The most important asset of knowledge-based businesses is concentrated talent. We keep using the argument that in Michigan, the only place that Google thought about was Ann Arbor. But ultimately, you want to attract the Googles of the world in a whole range of industries, not just technology. Knowledge-based enterprises are increasingly going to where talent is concentrated. What we basically argued is the priorities for the both the state and the region are creating a culture that highly values learning entrepreneurship and being welcoming to all. Culture matters. But on a policy side, it's public investments in universities, particularly research universities and quality places, particularly, vibrant, central city neighborhoods. If we do those things, we'll have a far better chance of concentrating talent and if you concentrate talent, you will grow a knowledge-based economy which leads to high prosperity. It's the culture aligned with the realities of a flattening world. It's public investments in making your region a place where talent wants to live, particularly vibrant, central cities; and it's ensuring that you have a high-quality university system, particularly research universities that require public investments. That's our basic strategy.

SCN: It sounds like Michigan's big metropolitan areas need to be competing with the likes of Chicago, New York, and Boston. How long, realistically, will it take to transform our metropolitan areas to retain educated and talented people so that they can effectively compete with those other cities?

Glazer: That's very important. If you look at the list of the places that are doing well ... they are the kind of places you just mentioned. In the Great Lakes, it's certainly Chicago, Minneapolis, and Madison; but then nationally, it's the Bostons, the New Yorks, Denvers, Seattles, and Silicon Valleys of the world. The reason why I think it's important is that a lot of us tend to think that who we're competing with is sort of the South ... places like Alabama, Tennessee, the Carolinas and to some degree Atlanta, although Atlanta is the exception because they are actually doing reasonably well. But the rest of the South is (experiencing) low prosperity. What we're competing with them for are auto factories. Auto factories aren't the future of a high-prosperity economy. Understanding who we're competing with matters. The line that we use is that, if you want Minnesota's economy, which has the highest per capita income in the Great Lakes and one of the highest in the country, you can't get there by adopting Alabama's policies.

There's no quick fix. We've been trying quick fixes for the last decade or two and they haven't worked. Our sense is that you can actually begin to make a difference in terms of the retaining and attracting talent, sort of creating this quality place where talent wants to live, in a five to 10-year period. It's probably a decade if we work on it. That's the history of places like Denver, Portland, Atlanta, and Seattle. They've actually been able to make a difference over a decade or so. But you've got to work at it. At the moment, our economic development agenda isn't focusing on retaining and attracting talent. Because it's not, we would argue that we continue to slide.

SCN: Oakland County has some communities with nice downtown areas, but they're small compared to the big metro areas that are highlighted as anchoring a knowledge-based economy. Where does Oakland County fit into Michigan Future's vision of the future.

Glazer: Oakland County is part of metro Detroit that we think of as one region. And, places like Ferndale, Royal Oak and Birmingham are attracting some young talent. So, they are assets. It's just that at least when you look at the evidence, those places don't substitute a vibrant central city. They've got to be a compliment. We just say that we need more Ferndales, Royal Oaks and Birminghams for the other communities to attract young types of talent, but we need those places along with a strong downtown in Detroit, not instead of a strong downtown Detroit.

SCN: Really, it sounds like Gov. Jennifer Granholm's "Cool Cities" initiative was a step in the right direction. Where did that effort go wrong?

Glazer: The impulse behind the initiative we think was right. I guess I'd say that there were two design problems within the program. One was that it was open to any community in the state. So some small town in northern Michigan could get a designation as a cool city and the grant that went with it, as well as places like Ann Arbor, Detroit, Ferndale, and Grand Rapids. That's just not reflective of reality. It's these big cities and big metros that matter. Secondly, the size of the program was way too small. Probably the biggest problem was that the administration walked away from it. The first round or two were high profile and then the state switched its strategy away from retaining and attracting young talent to sort of picking an industry. The problem was the lack of commitment.

SCN: What else does the state and its urban areas need to do to reshape their economies and create a sustainable model?

Glazer: We use this quote from the publisher of Forbes, which we think sums everything up, which is the most valuable natural resource in the 21st century is brains. Smart people tend to be mobile. Watch where they go, because where they go, robust economic activity will follow. If you believe it, the priority for the state and the region is creating places where talent wants to live. Because where they live, robust, economic activity will follow. That's the priority.