

# MINNESOTA Journal

A PUBLIC POLICY MONTHLY FROM THE CITIZENS LEAGUE

Special 50th Anniversary Issue

This is a compilation of the three-part series printed in the November, December 2001, and January 2002 *Minnesota Journal*. It is an adaptation from the 2001 Stans Memorial Lecture delivered by Ted Kolderie, fall 2001, at the Minnesota History Center. This series sets the context for the celebration of the Citizens League's 50th anniversary in 2002. During the coming year, the League will reflect on its contributions in building a community that has been widely admired around the country. But more importantly, we'll use the discussion to remind people that understanding problems and what to do about them is a constant process that needs nurturing, and a new generation of leaders.

Thank you to General Mills, Inc., for their generous support, which makes this anniversary issue possible.



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## Cold Sunbelt: Maintaining Minnesota's Institutions of Public Policy

by Ted Kolderie

Minnesota has been trying to do what might seem not possible: to run a high-tech, high-service, high-tax economy from a cold, remote location up against the Canadian border in the middle of the continent. Sunny, actually, but definitely cold. Our January weather map looks exactly like college students' idea of where not to live.



Astonishingly, we have done this quite successfully. Minneapolis and Saint Paul began providing processing, trade, transportation and financial services to the central Northwest and the upper Midwest. When Al Godward wrote his remarkable 50-year projection for the *Minneapolis Star* in 1929 that was still our function. But by 1950 we were on our way to a new economy built on high-value manufacturing and business services. Population grew by half from 1940 to 1960, and it has doubled since. In the '90s we grew faster than even some areas in the warm Sunbelt.

People attribute our success largely to the "quality of life." But most of this is not God-given. With all due respect, our water bodies—Red, Leech and Winnibigoshish—are not quite Long Island Sound nor San Francisco Bay nor the west coast of Florida. Hard as we try, it is not easy to persuade people it is fun to ski on flat land.

Rather, the "livability" of this place is made. It is the quality of public facilities and housekeeping. . . the high level of education. In 1950 most adults in Minnesota had not been to high

school; by 1990 most adults had some college. It's the range and quality of our sports and cultural activities and a health care system able to care for and to insure people better than most. Some of it is intangible: the entrepreneurial drive, the openness, our more than ordinarily clean government, a decent ethical climate. As my wife observed when we moved here, there's an optimal combination of big city and small town. And, underlying all this, what Dan Elazar called "moralistic" politics, in which there is a felt obligation to deal with public problems rather than to enrich one's clan. This has given us an unusual ability to generate leadership and to raise and resolve issues, to capture opportunities and deal with problems. This comparative advantage in collective action is one of this state's priceless assets. Social capital, as Robert Putnam wrote in *Bowling Alone*.

All this is made and sustained by Minnesotans' determination to have private institutions and governmental institutions here of national and world class; to count in this country for more than the two percent of its population we represent.

This theme goes back to the beginning of Minnesota's history. This small frontier community realized from the start the importance of deliberately massing resources.

Minnesota was the only state to combine the state and land-grant university, and to put it initially into the population center of the state. Minnesota put almost everything into one major "city": the university, the Capital, the Fair, the prison, and in time, the headquarters of almost every major business and nonprofit institution.

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But we did not always have the reputation we have today. The 1917 plan for Minneapolis was put on the shelf. In the 1920s aldermen were facing prosecution. In the 1930s there was an spill over of racketeering from Chicago. Far too many people were being shot in bars in the middle of the night. When Gurney Breckenfeld came here in the 1970s to write about our urban success, he brought along *Fortune* magazine's famous April 1936 article on the decline of the Northwest claiming the timber was gone, the flour mills were moving out, the truck strikes had ended the ability to exploit labor. The author argued: "If tomorrow Saint Paul should slide off its banks and disappear into the Mississippi River it would scarcely create a ripple in the economic life of the United States of America." A little later Carey McWilliams in *The Nation* tagged Minneapolis as "the most anti-Semitic city in America."

### Building

Then about 1938 Minnesota began a remarkable revival of its public life. What was built in the generation that followed gave us the community we have today. Let me sketch in a few major pieces of this.

### New leadership

The Cowles came up from Iowa in the 1930s and put together the ownership of the Minneapolis newspapers. They were willing to challenge old attitudes about isolationism, about political life and about newspaper business. In Minneapolis younger people replaced the little group of bearded men who used to walk to work from their mansions near Washburn Fair Oaks. Coming out of the war communities all across Minnesota, they had a remarkable drive for civic improvement. Humphrey appeared in Minneapolis, ran for mayor in 1943; successfully in 1945. In business, the Dayton brothers took over the store.

### The political parties

Politics revived. On the Republican side, first around Harold Stassen as governor, then again in the 1960s with what Betty Wilson loved to call "the young Turks" in Hennepin County. On the

Democratic side, the old party merged in the 1940s with the remains of the Farmer-Labor party to create the modern DFL. Pre-primary endorsement and the central financing of candidates produced a generation of public officials only recently retired, including two vice presidents and two nominees for the presidency, not to mention members of the cabinet and the Supreme Court.

### The rebuilding of the cities

The cities began to fix themselves up. Minneapolis under Humphrey cleaned up its police department, and then its reputation for anti-semitism—the foundation for Humphrey's later work on civil rights. The first effort to fix Minneapolis' governmental structure in 1948 was cut off when Humphrey left for the Senate. The Citizens League was formed in 1952 to carry on that work. The Downtown Council appeared in 1954. City planning was revived in Minneapolis, and in Saint Paul with Dave Loeks, partly in anticipation of the coming of the freeways. Capital Long-range Improvements Committee was established to give Minneapolis some orderly capital budgeting. Mechanisms for urban renewal were created. Minnesota passed its law for housing and redevelopment authorities in 1949, five years before the federal government began to provide big financial support. Through the 1950s we were a big importer of urban know-how; business people and public officials flying elsewhere to get ideas; often on the *Star and Tribune* plane.

### The problems of suburban and metropolitan growth

In the late 1940s, Orville Peterson, secretary of the League of Municipalities, saw the coming postwar growth and persuaded the Legislature to provide a method by which suburban villages could convert to a manager form. This got competent government into place just before the big wave of development. In 1959, after two unsuccessful runs for Congress, Joe Robbie convinced the Legislature to assert the interest of the state in the expansion of municipal boundaries. We owe it to his Municipal Commission that the Twin Cities area today is not a crazy-quilt like suburban Chicago.

By the 1950s, fundamental questions began appearing about governmental arrangements in the metropolitan area. In Hennepin County a county administrator began to emerge, and in the reapportionment after the 1960 census, the Legislature was persuaded not to build-in the conflict then growing between Minneapolis and its suburbs, but to create a majority of the districts overlapping the city/suburban boundary. Freed from that conflict, first Hennepin, then other counties, began their remarkable expansion into parks, libraries, the courts, health care and social services.

The metropolitan institutions began to appear initially as joint efforts of the two cities: the sanitary district in the mid-1930s; the Airports Commission in 1943—the work of the Jaycees, of all things—putting an end to any thought of scheduled airline service between Minneapolis and Saint Paul. In 1957 Senator Elmer Andersen got the Legislature to create the Metropolitan Planning Commission. Two years later, a lady in New Hope called the health department and said, "I turn on my tap and the water has a head on it, like beer." The remark touched off a debate about sewage disposal that ran for a decade. The debate wasn't resolved until 1969, after a long and searching public discussion had persuaded the Legislature first to create a policy-making body, the Metropolitan Council, to develop the regional consensus required for the state to act. Over time, more and more non-governmental institutions have taken a fully regional form, most recently the United Way.

### State government

The Department of Administration and civil service reform appeared in Stassen's time. The state structure was strengthened again under Gov. Freeman. In the 1960s, Senator Rosenmeier gave the governors a planning agency. In Wendell Anderson's time the Department of Finance emerged. A Legislature was reconstructed. The "flexible" session appeared in 1971: 120 days divided between two years. Legislative staffing grew rapidly and was professionalized.

### Social institutions and social policy

Let me take just one area of social policy: health care. As science and medicine



writer for the *Minneapolis Tribune* in the 1960s, Victor Cohn began to educate this community about the coming problem of cost-control, and the idea of pre-paid medical groups like Kaiser-Permanente. Hospital planning mechanisms developed here early. Paul Ellwood moved from the Kenny Institute to start ARF—and then, with Walter McClure, InterStudy—to work on the strategy for change and improvement. Both as a strategy and as a business the HMO developed here. The over-use of hospitals stimulated by third-party payment came down dramatically. In response, with the help of the Metropolitan Health Board and a new Hospital Trustees Council, and as the hospitals merged into larger groups, the hospital plant was brought down to appropriate size. In the 1980s and '90s the Business Health Care Action Group was formed to carry on the effort at cost and quality.

## The Minnesota Journal

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The Minnesota Journal (ISSN 0741-9449) is a publication of the Citizens League, a nonprofit nonpartisan Twin Cities public affairs organization, 708 S. Third St., Suite 500, Minneapolis, MN 55415. Phone: (612) 338-0791. Fax: (612) 337-5919. E-mail: [info@citizensleague.net](mailto:info@citizensleague.net). Web site: [www.citizensleague.net](http://www.citizensleague.net). Dave Durenberger, chair. Articles and commentary are drawn from a broad range of perspectives and do not necessarily reflect League positions on policy questions. The Journal is published once a month. Periodicals postage paid at Minneapolis, MN.

Annual subscription rate for nonmembers is \$40 for 12 issues. Orders may be placed at (612) 338-0791 or by mail at the above address.

Postmaster: Send address changes to the Minnesota Journal, 708 S. Third St., Suite 500, Minneapolis, MN 55415.

## The foundations

Saint Paul had Hill and Wilder and its community foundation for years before organized philanthropy appeared in Minneapolis, when Russ Ewald moved into the Syndicate building about 1967 to set up the Equal Opportunities Fund. Soon after, Minneapolis' Community Foundation evolved out of the trust department at the

Northwestern Bank. Two of the 3M fortunes generated new, large foundations: McKnight and—thanks partly to Elmer Andersen and Doug Head—Bush. Later a Council on Foundations appeared.

New mechanisms were created for research, discussion and action as new questions appeared. The Urban Coalition appeared and lasted, as it did not in many cities. Cameron Thomson started the Upper Midwest Research and Development Council to claim for Minnesota a place in the space-and-defense industry. The University of Minnesota geographers added an urban study through which John Borchert became invaluable as an educator of the business community. The Business Partnership followed in 1977. Spring Hill Center appeared in the 1970s. NSP started the Itasca Seminar. The University upgraded its school of public affairs into the Humphrey Institute. Minnesota Public Radio became a phenomenon and educational television was transformed into "public television."

## Erosion

In the 1970s the rest of the country began to pay attention to Minnesota. The Twin Cities area became an exporter of know-how: magazine writers, newspaper reporters, graduate students, Neil Peirce doing research for his book on the states. The governor was on the cover of *Time* magazine. Foundations like Kettering showed up, asking initially about what we'd done here. Quickly they became curious about how it was done, about our process of policy development. After a discussion on health-care issues a New York visitor said: "If we'd had this discussion where I live people would have been at

each others' throats in five minutes."

Minnesota basked comfortably in this approval. About 1980, in a conference at Spring Hill, Bob Holland from the Committee for Economic Development was asking what people saw as the next challenges. He was astonished not to get a response. I remember Harlan Cleveland, then newly-arrived as dean of the Humphrey Institute, saying in the parking lot afterward: "Any community that thinks all it has to do is sit on its accomplishments is not in business in the last quarter of the 20th century."

That was prophetic. In the '80s some powerful forces began to erode our institutional structure of policy development. Let me touch on two that seem to me especially significant.

## The growth of scale

First has been the sheer growth of scale, affecting especially the role of the business firms in civic and public affairs.

Into the 1960s many of the major firms were headquartered here and did most of their business here. At the core was what Wayne Thompson used to call the "can't run" businesses: the newspaper, the department store, the electric and telephone utilities, the banks. Some may in truth have been owned by the trust departments of the New York banks but they felt like—more importantly, behaved like—local businesses.

Don Dayton brought Wayne here about 1965 from city management, and made him responsible "for everything outside the walls of the business." Quickly other CEOs, especially in Minneapolis, moved to this unusual pattern of corporate public affairs. It made a difference for this function to be directly under the CEO and staffed by persons with backgrounds in government, who functioned as much to represent the community to the company as the company to the community.

But about the same time business and its public affairs was becoming much more national. Disliking the increasingly aggressive policy actions of state governments, business looked to Washington for decision-making. Public affairs officers asked each other: "Which would you rather fight: 50 chimps or one gorilla?" and the correct answer was, "one gorilla." I remember in the '70s calling on the pub-

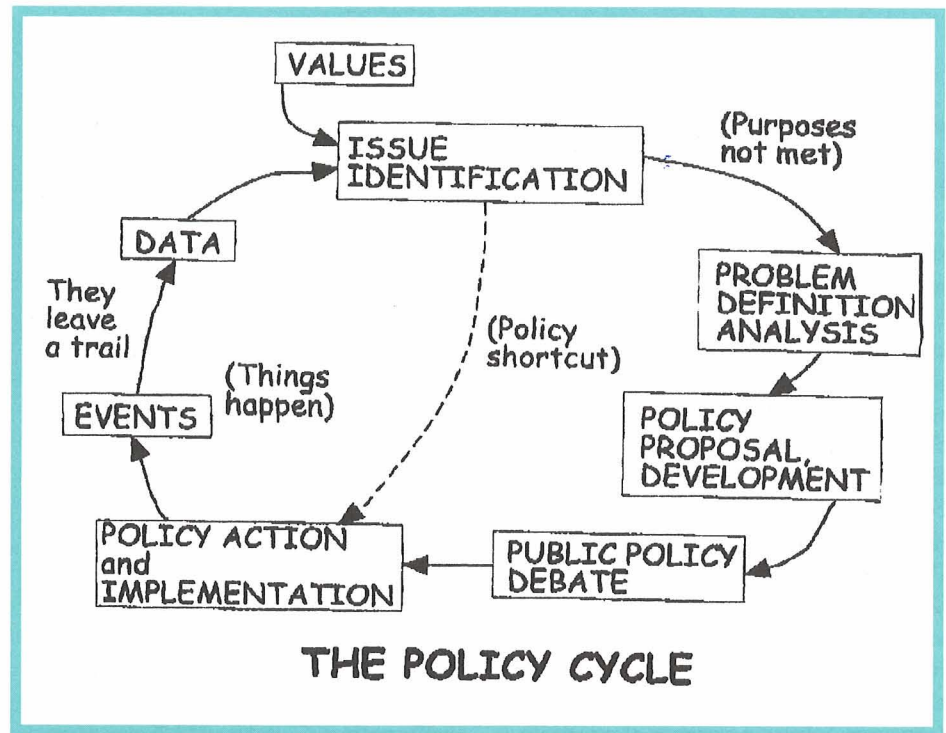


lic-affairs vice president of Honeywell. He was happy to renew their contribution. But he said to me: "My problem is Congress." By 1980 we heard an executive of the Saint Paul Companies say, "The insurance industry is the last major industry in America still to believe in a framework of state regulation as a matter of principle. And you can't imagine the pressure we're under to change that."

In the '80s and '90s the corporate public-affairs function changed. Giving, government relations, civic affairs consolidated under a single officer. Budgets tightened. Increasingly Public Affairs had to justify itself to—had to serve—the line units of the company. Inevitably this meant general community problems had a smaller claim on scarce resources and time. The public-affairs officer was no longer the CEO's private staff. And as the firms grew larger the headquarters city became a smaller part of their total concern. Perhaps the Twin Cities is not quite in the national pattern. There has always been an effort here to socialize new CEOs into the civic culture. The concern today is that this might put their careers at risk.

**Public affairs is the discussion before the vote is taken. When the discussion itself is no longer something to be followed and reported closely, something significant has changed in our policy process."**

Al Sorensen was a friend of my father in Omaha. Al grew up poor; had a lot of life-experiences early; quit school early. When his local electric-supply business was going well in the 1950s Al got into civic affairs; first with the Chamber of Commerce. He got AAA baseball for Omaha, became president of the new City Council, then mayor. "Our biggest companies," Al said to me, "are the poorest citizens we have." This was hard for a Minnesotan to understand at the time.



### The Media: "Things have changed"

Into the 1970s people from the radio-TV stations would come around to civic organizations each year, doing the assessment of public needs required by the FCC; reflecting the original notion that the air waves were public and that licensees had an obligation to serve the public interest. Even then it was an empty procedure, a dead routine.

It was always the newspapers—not licensed, but out of their civic responsibility, their curiosity, perhaps their desire to be influential, perhaps—that sent reporters into the institutions of public life to find out what was going on and to tell the community about it. John Cowles' concept of the newspaper as an educational institution . . . of the reporter as the equivalent of a college professor . . . was some-

thing you heard about when you joined the *Star* and *Tribune* in the late '50s, not from management but from other reporters. In the 1960s when the papers let their beat reporters follow their stories into the Legislature—traditionally covered for the political story and the tax story—it changed what the Legislature did; affected what could and could not pass.

Then three things happened. Television happened, radically altering the newspaper first as a business and then as an insti-

tution, a process still continuing. The postwar prosperity broke down what Daniel Yankelovich describes as the old "ethic of self-denial." Rapidly a new "ethic of self-fulfillment" spread from college students to other young people, then to their parents. By the mid-70s the newspapers were moving to serve this new interest in "You": your life, your health, your career, your home, your family.

And in the '60s public confidence in institutions—including government—massively declined. This powerfully reinforced the press' interest in private affairs over public affairs and offered a plausible explanation for not doing what they could no longer afford to do anyway. It also changed the perspective of their reporting of public affairs, away from the traditional coverage of government toward a new emphasis on how what "they" are doing affects you.

Coverage changed, editors changed, management changed, ownership changed. I remember calling an editor about a story on a decision about an issue I did not recall the newspaper ever having reported under discussion. I said: "It's as if the reporter comes back and the editor asks, 'What did they do?' and the reporter said they just talked about it; and the editor said, 'Let me know when something happens.'" "Yes," she said, "we say that to reporters a lot."

Public affairs is the discussion before the vote is taken. When the discussion

itself is no longer something to be followed and reported closely, something significant has changed in our policy process.

Changes like these affecting institutions as important as the business community and the newspapers are bound to impact civic life in major ways, changing contributions, changing the pattern of individual involvement. Some civic organizations and programs have disappeared. Spring Hill is gone. The Minneapolis Foundation has dropped the Itasca Seminar. Some organizations have declined or shifted their focus. State Planning has been reduced to an "office." The Metro Council, built for policy leadership, is preoccupied now with growth-management and with its sewer and transit operations. The Legislature does less talking and thinking now in the interim between sessions. The head of a policy shop at the University said recently that its contacts with the state have almost disappeared and that this is true generally across the University.

#### Large-system architecture

Change is inevitable. There is a lifecycle to organizations. The question is: are we replacing what we lose? Are we keeping up, overall, the institutions of public life? Or are we coasting now . . . drawing down and not replacing the social capital built up during that remarkable generation of institutional development that began about 1940 and ran into the mid-1970s?

Somehow Minnesota needs to retain the ability to understand and to deal with the causes of problems. Other states are as good at building projects and setting up

programs. This state has had an unusual ability to see why things happen, and to change the systems that determine why organizations behave the way they do. Without this ability to think in system terms we will be an easy mark for those—always around—who want to persuade us that the answers lie in conventional responses: listening to the people who run the operating organizations (or, alternatively, changing the people who run them), or investing in more professional service, or in some kind of big machine.

Minnesota has been really good at what Walt McClure calls "large-system architecture." People understood why a health-care system could not last if it guaranteed reimbursement for costs that were neither controlled by competition nor regulated by public authority, and in which there was no discernable incentive to economize.

They understood that land-use and transportation are a system, understood why we cannot travel like Europeans if we want to live like Americans.

It is important to be able to shape issues correctly, and to understand that issues are not topics. Issues are choices about methods. A discussion simply about goals, however passionately advocated, will not be very productive. Nothing happens without a method. So:

Health care is not an issue. An issue is whether to provide health care through a single-payer system, rationing care, or have the payers identify the quality providers and send them patients. That is an issue.

Whether we build single-family houses new for low-income families, or smaller units for single individuals and couples who are now under-occupying existing single-family houses, is an issue.

#### The issues in K-12 Education

The greatest test of our ability to raise and resolve issues currently is public education. "Half the kids in high school are on a treadmill to nowhere," states Judy Coddling of the National Center on Restructuring Education.

All the good efforts, and all the altruism of the people who work in public education cannot overcome

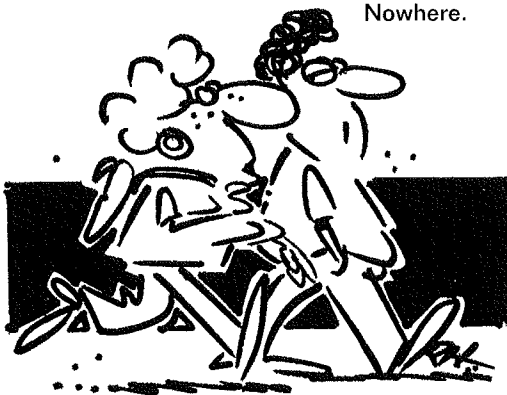
the reality that it is a deeply inequitable institution. Because they lack both alternatives and voice, the kids in poor families are the least well served. Far too many learn little and leave early. They are uninterested in a school that is responsive mainly to the districts' important constituency of better-educated and more-aspiring families. They are disadvantaged by an institution that sends the least experienced teachers to the most educationally needy kids. Not enough people are angry about this, as Gary Sudduth, former head of the Minneapolis Urban League, was angry before he died. Too many of us think the schools are fine because we did well and our kids did well. Joe Graba, a long-time observer of education, likes to say: "Everybody wants the schools to be better but hardly anyone wants them to be different." Yet if they are not different they will not interest, and therefore will not work for the half of the kids now not doing well.

We have a hard time understanding why this institution—so full of good people who mean well—cannot deal with this challenge well enough or fast enough. Too many people still think it makes a critical difference who the superintendent is, or who is on the board, or whether the Legislature and the taxpayers provide more money. In meetings, people talk endlessly about the bad things that ought to be stopped and the good things that ought to be done. Nobody disagrees, and everybody has heard it all before. Surely something must be blocking improvement. Yet rather than trying to find what that is and change that, we keep exhorting our schools and districts to do-good-things and not-to-do-bad-things. We are not thinking our way very well to the heart of the problem. It is not very practical to exhort organizations to do things they have no incentive to do, and not to do things they have reasons and opportunities—incentives—to do.

We should see that districts and schools behave as they do because state law has assured them that nothing, really, depends on whether students learn: not their clientele, not their revenues, not their jobs, not their existence. It has been a system that, as Albert Shanker, former head of the American Federation of

Where are  
we going?

Nowhere.



Minnesota's Educational System.



Teachers, said at the Itasca Seminar in 1988, "can take its customers for granted." It is not smart to arrange a system that assures organizations' success whether or not their mission has been accomplished.

So, if half the kids are not learning acceptably well it is not really the fault of the districts, or of the people in the schools, or of the teachers and their unions. It is a failure in the design of the system. The structure and incentives exist in law. The defects can be changed only by changing state law.

Legislators do understand the problem, and to their credit, they are well started reconstructing the institution. They are making it possible for people to start new schools and try new approaches. It is possible that the job that needs to be done with urban and low-income kids cannot be done by the organizations we have; that the districts simply cannot change their schools enough, quickly enough. Or that they cannot politically generate new schools as different as may be required to interest the kids today who simply quit. But legislators remain slowed by an intense resistance.

It would be easier for legislators to move faster if the leaders in public education would say in public what they know—and say in private—about the districts' own difficulty with change. It would help if the media would be as candid about the reasons for that resistance to change as they are about the power of private interests in other systems. If they did not accept quite at face value the assertions that everything would be all right if districts just had loyal support and additional financing. It would help if business executives could understand that the problem in education is not a problem in the management of the organization but is, fundamentally, a problem in the structuring of the "industry."

## Prospects

We should talk about all this over the next year or so. Perhaps there is no problem. But I do not think I am the only one raising essentially these concerns. If there is a problem perhaps we can do something about it. It's pretty clear, generally, what needs to be done.

There needs to be a continuing effort to develop leadership among those committed to this place; using the talents of people not previously involved.

Clearly, the foundations are a major hope if they give the design and development of our policy process and its institutions something like the priority they now give to human-service programs and to improving the physical environment. TrendWatch, now fully regional, is a hopeful start, but at this point the organization has one, new staff person. It is probably not yet well connected with the policy mechanisms that have to think about the implications.

Clearly we need to take care of our governmental institutions for issue-raising and issue-resolving. The Legislature remains the critical builder of public systems. In a state that is opportunity-driven, that relies on getting at problems before they become crises, it is critical to have people in public office who can move at times with "state capitol policy initiatives." No groundswell of public opinion supported Rudy Perpich and Connie Levi when they moved in 1985 for open enrollment and the post-secondary option. The public support came afterward.

We need to find new discussion mechanisms for turning "problems" into "issues," and for generating proposals for action. Perhaps web sites and e-mail will provide new and low-cost forums for reporting and discussing public issues, filling in the gap left by the change in the commercial media. Jason Epstein's "Book Business" offers a little hope. Just when everyone had decided that quality publishing and

independent bookselling had been destroyed, new technologies come along that make it possible to publish books on the web and print books on-demand.

The reasons to be hopeful go back to what I said at the beginning; go back to the fundamentals.

The desire runs very deep in this state to be successful. . . to count for something . . . to be "major league" as we said in the '60s. But it is no way ordained that the 15th largest metropolitan area in America is bound to be located where the Minnesota River flows into the Mississippi River. If we are to succeed in this cold-sunbelt location we will have to keep up all those elements of "livability" that attract people to come here and to stay here. To do that, we will have to maintain our historic comparative advantage in collective action. An advantage created by community institutions that can see ahead, that know how to get to the causes of things, that can explain the choices the public faces, and that can act with vision and with courage.

These institutions are simply necessary. People talk a lot in politics about what is possible, about what is realistic. What can be more realistic than to do what is necessary? Anybody can do . . . it is no real challenge to do . . . what is merely possible. And things that are necessary do tend to happen, even in public life.

I came across a remark not long ago that I hadn't heard before. "Politics is not the art of the possible. Politics is the art of making possible what is necessary." That's a nice line, and probably a good one to end on. MJ

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The Minnesota Journal  
Citizens League  
708 S. Third Street, Suite 500  
Minneapolis, MN 55415