

MINNESOTA Journal

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The Citizens League and MPR are sponsoring a talk by Ted Halstead on Wednesday, Oct. 29, at 7 p.m. at the Fitzgerald Theater.

(See “Matters” for more information.)

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The American paradox

by Ted Halstead

The country with the most patents, Nobel laureates, and millionaires is also the country with the highest levels of poverty, homicide, and infant mortality among modern democracies. A case for revising our social contract.

To improve the nation's social health and economic vitality at one and the same time will require a new social contract for America. Our current social contract is now as antiquated as it was once innovative. Its primary author, Franklin Delano Roosevelt, would be the first to tell us so. “New conditions impose new requirements upon government and those who conduct government,” Roosevelt said in 1932. “Faith in America, faith in our tradition of personal responsibility, faith in our institutions, faith in ourselves, demand that we recognize the new terms of the old social contract.”

America has so far experimented with three social contracts, each of which reflected the political forces of its time. The purpose of the first, in the eighteenth century, was to found a nation. The goal of the second was to put it back together after the Civil War. The third—first articulated in FDR's New Deal and later expanded in Lyndon B. Johnson's Great Society—sought to build a mass middle-class society by relying on ambitious government programs and new economic regulation.

It is now time for a fourth American social contract. To fit the post-industrial age it must be able to reconcile the competing demands of flexibility and fairness. In a time characterized by constant job mobility, a proliferation of consumer choices, just-in-time production, and—perhaps most of all—increased uncertainty, individuals, firms, and governments all need unprecedented flexibility. Fairness, meanwhile, springs from the commitments to meritocracy

and shared prosperity that have inspired our nation since its inception. A social contract that simultaneously enhances both flexibility and fairness will require new roles and responsibilities for all three parties to the contract: government, business, and the citizenry.

In the public sector our political leaders must stop imposing false choices on the American people. All too often our two-party system frames issues as if flexibility and fairness were mutually exclusive. Republicans are fond of advocating for school choice and Social Security privatization, on the grounds that these would confer more choices and flexibility on all citizens. Democrats, meanwhile, typically oppose such proposals, on the grounds that they would undermine fairness and the economic security of ordinary citizens. As these pages suggest, however, there are elegant ways to square these circles: for instance, by pairing school choice with a national equalization of school funding.

Our elected officials must dare to think big once more. Major advances in our nation's well-being have usually resulted not from tinkering at the margins of existing institutions but, rather, from bold new programs—the Homestead Act, Social Security and Medicare, rural electrification, the race to space, the GI Bill. A modern equivalent of such big ideas would be to endow every American child with a \$6,000 asset stake at birth, thus inaugurating a new era of more-equal opportunity.

The private sector is no less in need of reform. In the 1980s we began revising our social contract in at least one respect—through a wave of corporate deregulation. This experiment rested on the implicit promise that in exchange for less government regulation, companies would not

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Grow Minnesota!

Private sector leadership on statewide business retention

by David Olson and Jon R. Campbell

The Minnesota Chamber of Commerce, in partnership with 28 local chambers of commerce across the state, has embarked on a new business retention and expansion initiative—Grow Minnesota! With the loss of private sector jobs statewide, and increasing efforts by other states to lure Minnesota businesses, the time is right for a coordinated, private sector initiative to retain and expand Minnesota businesses.

Past economic development efforts

Economic development efforts in Minnesota have changed dramatically over the decades. In the past, the private sector and the media were actively involved in studying the economic forces affecting Minnesota businesses. The private sector had its economic development divisions while the media reported and editorialized on economic needs. The state's economic development effort was small, focused largely on tourism. To the extent they existed, local government programs focused on the industrial park or downtown redevelopment.

In the 1960s and '70s, organizations emerged with the sole mission of promoting the development of the region's economy. The Upper Midwest Council, a business-led organization, sponsored studies of economic opportunities in the Ninth Federal Reserve District. Later, Advantage Minnesota focused on technology-based business expansions or relocating firms from Canada and Scandinavia.

Both of these entities are gone today. Corporate economic development departments have evolved, focusing their efforts on economic analysis that is national and international in scope. While some public-private partnerships and private sector-led initiatives exist, the private sector's involvement tends to be ad hoc and sporadic, leaving Minnesota with economic development efforts dominated by the public sector.

Why start Grow Minnesota! now?

A public sector-dominated approach is problematic in an era when the state's

public sector resources are declining, yet other states are expanding their efforts to grow their economic bases. Other regions are being very proactive on this front. Some focus on business retention and expansion, like Grow Minnesota! Others focus on creating a statewide economic development "blueprint," and still others place their emphasis on marketing their state to outsiders.

At a minimum, Minnesota needs to keep pace. However, even if the public sector had the resources to compete with other regions, history has shown that business people are more likely to share information with their peers. There is a tangible advantage to having the private sector lead business retention and expansion efforts.

A changing economy and increasing worldwide competition have made the retention and expansion of regional businesses more challenging than ever. Businesses today are highly mobile. They have the ability to locate almost anywhere because technological advances have minimized constraints of time and space. This new climate has created an unprecedented potential for innovation, entrepreneurship and growth. But it has also increased the vulnerability of regional economies. Regions that are not proactively working to retain and expand their business base risk losing it to those that are.

What Grow Minnesota! will do

The initial objectives of Grow Minnesota! are first to retain the existing base of businesses in Minnesota, with an emphasis on "export" employers; second, to grow that base; and third, to identify and publicize the trends affecting the development of the state's economy and recommend community and public sector responses to them. Over time, the program will also market Minnesota to businesses in other states. These objectives will be achieved through the efforts of the Minnesota Chamber, its local chamber partners and volunteer business leaders from their communities.

The Grow Minnesota! "network" will conduct regular retention visits with existing Minnesota CEO's and business owners

to thank them for operating in Minnesota and to determine if there are problems on the horizon. Business leaders and chamber staff will visit more than 500 Minnesota companies each year. Chamber leaders will encourage companies considering expansion to do so in Minnesota and offer them assistance. If the local community cannot provide the company with a suitable expansion, the company will be directed to a statewide lead-sharing pool. This will reduce the likelihood that the company will take its business to another state.

Grow Minnesota! will also use retention visits as an opportunity to collect data on Minnesota businesses. Discussions will be guided by a standardized Grow Minnesota! survey instrument and all data will be centralized on a statewide database managed by the Minnesota Chamber. The information will be analyzed regularly to determine economic trends affecting the state's economy. It will also be used to guide local, regional and statewide public policy agendas.

How is this different?

Economic development in Minnesota has come to be defined as a government initiative aimed at creating jobs on particular parcels of real estate. It typically involves state and/or local government agencies, some financial incentive, customized job training, a private developer and most importantly, a specific site. Sometimes the result is real growth of a for-profit company. More often than we would like, our efforts simply transfer employers from one Minnesota community to another or help a non-profit or government agency develop a new facility.

Grow Minnesota! is an effort to transform our approach to economic development. It aims to transfer much of the responsibility for economic development—and in particular business retention—from the public sector to the private sector. It will also make business retention the cornerstone of its efforts. Up to 80 percent of a region's job growth is generated by existing businesses, so while we will do everything we can to make our front

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Viewpoint

The vision vacuum and our regional quality of life

by Sean Kershaw

By almost all measures, the Twin Cities metropolitan region is thriving. But we also face a number of public policy challenges. How we solve them will be critical to maintaining our quality of life and our economic viability in the future. Transportation, education, and healthcare are three of the largest and most contentious issues.



In order to address these and other issues, I would argue that we need four things: a strong base of leaders, healthy institutions, effective public policy at all levels (not just within government), and a compelling and unifying vision.

Fortunately, many of those elements are already in place.

Do we lack leaders? Hardly! The quality and quantity of civic leaders in our community is second to none.

Institutions? Got 'em. Like the Citizens League, they may be in need of a major tune-up, but we haven't lost the critical mass of institutions we will need to move forward.

Policies? There is certainly a need for more innovative and effective policy ideas

on these key issues, (and the League will help to develop them!) but I would argue that good ideas emerge when leadership and institutions are brought together by a common vision.

This is what's missing: a common and shared vision for our future.

Vision matters

A shared vision can inspire people to tackle contentious issues and help stakeholders with different views to govern and forge compromises that are in the best interests of the whole community. And it can provide citizens with a framework for evaluating decisions made by city, state and corporate leaders. A vision is motivational—and practical.

Often, we get mired in arguing the details of a particular transportation strategy or educational reform without having a set of larger goals—a vision—in front of us.

To move ahead, to actually begin to solve these issues, we may have to develop the vision first.

Minnesota's vision vacuum

On a recent trip to Seattle, a group of 110 representatives from the Twin Cities learned about that city's efforts to build and maintain a successful region. The trip was part of an InterCity Leadership Visit sponsored by the Saint Paul Area and Minneapolis Regional Chambers of Commerce.

"First. Best. Our way." That was local public official Mark Oyaas' insightful reflection after hearing representatives from Seattle's cultural and business organizations talk about their work. They made repeated references to Seattle being "first and best," and talked of how they wanted their work to reflect the unique spirit and history of Seattle ("our way"). Their vision inspired them to tackle extremely touchy issues, like investing in new facilities and metro-area transportation and transit.

In comparing Seattle's situation to ours, what struck me wasn't the difference in Seattle's geography, economic base, scenery

or any real quantifiable variable. The difference was this attitude—this civic vision.

This brings me to Minnesota's "vision vacuum." Some would argue that we are watching two competing visions wrestle for control. I disagree. We are witnessing two strong, increasingly partisan, political ideologies alienate citizens and non-political leadership with their posturing regarding "means"—not necessarily "ends" (a shared vision/goal).

The "no new taxes" pledge from the right is not a vision, although it might be a necessary tool to help reform institutions and policies. At the same time, while the left's lament, "wasn't it great 30 years ago—or three years ago," acknowledges the state's role in building social capital, it isn't a vision either.

Our Way

"Our way" in the Twin Cities and in Minnesota is profoundly and fundamentally one of civic health, success — and pride. We have a great history of investing in leaders, institutions and policies that allow us to govern for the good of individual citizens and the community as a whole.

As luck might have it, these qualities are exactly what regions need to compete in the new economy, and to address the critical policy issues before us.

We are at a turning point. Citizens intuitively understand how issues like transportation are key to preserving our quality of life. They are ready to develop and support the policies necessary to change. But we need a clear, compelling vision, shared by our political and community leadership and our citizens.

Let's take advantage of the leadership and institutions we have at hand and insist on being "first and best," let's build and promote a renewed civic vision—and then act on this vision. **MJ**

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only create more wealth but also act responsibly, often through self-regulation. But as the dramatic stock-market decline and the corporate scandals of the past 18 months illustrate, this promise has been broken on both counts.

Not surprisingly, public trust in corporations is low. There are two ways out of this predicament: one is corporate re-regulation; the other is a more sincere effort by business to put its own house in order. The latter would render much of the former unnecessary, but at a minimum we need better accounting standards, stronger defenses against conflicts of interest and insider dealing, and greater restraint in executive compensation.

As part of this movement toward greater corporate accountability, it is also time to relieve employers of some of the administrative responsibilities with which society has burdened them. Now that the median job tenure is down to five years, it no longer makes sense to rely on employers to provide

basic benefits such as health care and pensions. Our antiquated system of tying benefits to full-time jobs not only adds to the stress of losing one's job but also deprives parents of the flexibility they need to balance their work and family responsibilities. One way or another, we need to jettison this paternalistic model and replace it with universal citizen-based benefits that are fully portable from job to job.

Any new social contract ultimately hinges on a new conception of citizenship. Yet our collective expectations of one another have atrophied in recent years, to the point where even voting—the most basic act of citizenship—is done by only a minority of Americans. Ironically, this emaciation of the notion of citizenship is occurring at a time when ordinary Americans are becoming ever more sophisticated; the majority of Americans now have credit cards, own homes, and have money invested in financial markets. Surely our increasingly sophisticated citi-

zens should be able to handle more civic responsibilities, not fewer. If every American is to be empowered with the right to choose his or her own health insurer, is it too much to ask that each citizen pay a manageable share of the cost? If better incentives are put in place to help all Americans save for their retirement, is it too much to ask that they actually do so?

Finally, as the definitive stakeholders in the social order, citizens must reclaim their collective power over both the body politic and the marketplace. The only way to free both major parties from the minoritarian groups that now wag the dog—whether teachers' unions or moral fundamentalists—is for Americans to re-enter the political process en masse. Similarly, if the increasing number of American stockholders began asserting their rights, corporate America would become more accountable. Like an unused muscle, collective power need only be exercised to regain its inherent strength.

How likely is it that a new social contract, pairing flexibility with fairness, will emerge? Cynics will be quick to downplay the prospects of large-scale reform, so accustomed are we to incrementalism and tinkering. But what the cynics fail to appreciate is that something very powerful may be brewing—a near perfect political storm.

American history reveals that periods of fundamental reform are typically triggered by one or more of the following: a major war; a large-scale shift from one industrial era to another; extreme levels of economic inequality; a dramatic change in the composition of the political parties. On the rare occasions when these forces coincide, they fundamentally transform society. That is what happened when Reconstruction coincided with the dawn of the first industrial revolution; it is also what happened when the Roaring Twenties and the Great Depression coincided with the beginning of the second industrial revolution. All the requisite ingredients for change are now coming together again, at the onset of the post-industrial age. If patterns hold, our nation's next major reinvention cannot be far away. **MJ**

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Signed, Sean Kershaw, publisher. October 1, 2003

Faced with explosive technological advances, Minnesota must focus on growth

by Jack Uldrich

In 1989, Bethlehem Steel was voted one of the best managed companies in America. Twelve years later they went bankrupt and in 2002, in an event that is as ironic as it is symbolic, the Smithsonian Institute purchased the Bethlehem steel plant for the purpose of converting it into the National Museum of Industrial History.

I start my article on economic development with this story because it serves as a poignant reminder that the relentless forces of technology and competition threaten even the most formidable of businesses. The story also holds particular relevance for Minnesota because companies as diverse as Lawson, Medtronic, Seagate Technologies, Imation, the St. Paul Companies and Xcel Energy could potentially be rendered obsolete by exponential technological advances in a variety of fields.

Many business people are familiar with Moore's Law, which states that the number of transistors which can be placed on a computer chip doubles every 18 months. This seemingly simple law has increased the number of circuits on a chip from a mere 2,400 in 1973 to over 200 million today. Next year, the latest chip will have 400 million transistors.

Executives in the semiconductor industry liken the situation to running on a tread mill that doubles in speed every year and a half: if they slow down or make a misstep, they know they are out of business. But this is just one example of exponential growth. Everything from data storage, bandwidth capacity, molecular manufacturing, DNA analysis and the sequencing of the human genome is also experiencing similar explosive trends.

What does this have to do with Minnesota? In a word: everything.

Exponential advances in data storage threaten to disrupt the businesses of Seagate Technologies and Imation. Exponential advances in the efficiency and effectiveness of solar cell and fuel cell technology portend the day when cheap, clean, sustainable energy can, quite literally, be generated at a person's home. The implication for Xcel, which continues to rely heavily on nuclear power and coal for

the generation of electricity, is that their business model may not be sustainable.

Medtronic faces a similar situation. Advances in stem cell research, DNA analysis and the sequencing of the human genome point toward a day when disease is not treated after it has occurred; rather it is prevented before it ever occurs. These medical advances are obviously good for society but one side-effect is that companies such as Medtronic and the hundreds of other medical technology companies in Minnesota may see entire product lines—and their corresponding revenue generating streams—evaporate literally overnight. And with those profits will go thousands of good-paying jobs.

The earlier diagnosis and treatment of disease will also put immense pressure on the insurance industry. For instance, as diagnostic technology gets more effective and less expensive, people will be able to employ a battery of tests in the comfort and safety of their home. The net impact may be that people who are healthy and have no significant predisposition for genetic disease will forego insurance. The flip side of the coin is that those who do have a disposition to some as-yet-incurable disease will seek to keep that information from their insurance company. If the information is not shared, the insurance industry's ability to accurately assess risk is hampered. Alternatively, if they do have the information, many people may be priced out of the market.

A secondary issue is that medical advances may radically alter life expectancy projections. What will happen to the St. Paul Companies profits if people suddenly begin living well in their 100's? The bottom-line is that the insurance industry is going to face severe pressure in the coming years and some of insurance companies may not survive.

The list of disruptive technologies coming online in the next decade is true startling. Terms like grid computing, smart dust, spintronics, bio-simulation software and autonomic computing are not familiar to most people today. But in each instance, serious science is being coupled with venture capital financing in each field to create new businesses that will "rock our world."

How is Minnesota to respond to this brave new world? One common approach is to try and select a few emerging fields such as biotechnology, nanotechnology, or stem cell research and then concentrate precious public and private resources in those areas in an attempt to get ahead of the curve and position Minnesota as a leader.

It is not an altogether bad plan. Unfortunately, it is unlikely to provide the expected gains because virtually every other state in the country—not to mention numerous foreign countries—are already focusing on the same areas. The proverbial economic pie will merely be sliced into thinner pieces.

The better and more realistic answer—although not a particularly political "sexy" answer—is that the state needs to focus on education and, specifically, science and math education. The reason is because regardless of the exponential trends which I have identified there are two common elements. One, advances are being fueled in each area by an enhanced understanding of the physical world at the molecular level; and, two, the primary tool for developing these advances is sophisticated computational modeling software.

These facts lead me to suggest that if Minnesota is truly interested in economic development for the first part of the 21st century, the state needs to develop a comprehensive plan for ensuring that our K-12 and post-secondary curriculum — as well as worker retraining programs — provide Minnesota citizens a world-class education in the hard sciences: physics, chemistry, engineering, biology, mathematics and the computer sciences. And by world-class, I really mean world-class. The fact that Minnesota consistently ranks at or near the top of math and science scores in the United States means nothing—absolutely nothing; Minnesota's workforce is competing less with our neighbors in Iowa and Wisconsin and more with young workers in cities like Bombay, Shanghai, Helsinki and Stuttgart.

As the material world moves to the molecular scale and information can be digitized and rapidly transported around the world for virtually no cost, production will, in the short-term, continue to move

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OnBalance

Views From Around the State

Grading the Governor's education plans, Xcel, Canadian drugs and elderly drivers

The Bemidji **Pioneer (9/3)** applauds Governor Tim Pawlenty's Read to Achieve initiative. Funded by a \$59.1 million federal grant, the initiative calls for all Minnesota children to read by the end of first grade. "Giving our children the best tools for success in life starts early—with the ability to read. Research shows that children who fall behind in first grade have only a one in eight chance of catching up [to] their proper grade level without extraordinary effort," the paper writes. "Making sure Minnesota's children can read by the end of first grade is an ambitious goal, but one well worth working toward."

Recently introduced standards for teaching history to Minnesota students are a step in the wrong direction, according to the Mankato **Free Press (9/21)**. The proposed standards "teach conclusions, not critical thinking. These standards pick and choose conclusions, and while historians have picked and chosen conclusions for decades, we should allow conclusions to develop and evolve in the classroom. We should not prescribe conclusions as part of broad statewide standards," the *Press* chides. "That is politicizing education. It's lawmaking the framers of the Constitution would have found distasteful."

The Worthington **Daily Globe (9/30)** argues that more emphasis should be placed on providing history students with the facts about America's history. "Students do need facts. Many facts. Facts about great events and great movements. It is only when they are armed with these facts that students, as they hone their inherent thinking skills, can use their gray matter to arrive at conclusions based on real knowledge as opposed to misinformation and whim."

Governor Pawlenty's proposal to create "super teachers" to attract and retain well-qualified teachers to work in the state's most challenging schools gets a passing grade from the **Free Press (10/3)**, but with reservations. "For example, teachers who volunteer for the program would have to give up some job security as school administrators would have the authority to fire teachers as they saw fit. And everyone needs to agree on a

goal. Must percentage test scores increase in order for teachers to receive a bonus or even keep their jobs? Also, Pawlenty is proposing to make it easier for people from nontraditional teaching backgrounds to get into the classroom. The certification process for these new teachers must be rigid."

High marks for Xcel Energy

"Xcel Energy's plan to reduce air pollution from its three oldest plants and pass the cost on to consumers is justified and should be approved by state regulators," the **Free Press** concludes (9/24). "The plant upgrades would lower sulfur dioxide and nitrogen oxides by more than 90 percent. It would also reduce mercury emissions by 75 percent. The pollution reduction could bring more than \$1 billion in health-care cost savings, thanks to fewer respiratory diseases. The mercury reduction would help limit the amount of mercury that eventually falls into water, gets into fish and is consumed by humans."

The benefits equal, if not exceed the cost of Xcel Energy's emission reduction plan, especially in the long term, the **St. Cloud Times** argues (9/17). If approved, energy customers would see the average residential bill increased by \$3.50 to \$5 per month by 2010. "... all three affected plants are nearing the end of their usefulness. In fact, Xcel Energy estimates they would need major renovations within 10 years...By doing this now, Xcel Energy extends the plants' operational lives for 25 years," the paper notes. "It is also important to point out these upgrades will boost production by 380 megawatts, which is the equivalent of adding another small power plant. Yet there won't be the need for building new facilities or adding new transmission lines."

Praise for a prescription drug plan

"Bravo, Gov. Tim Pawlenty" applauds the **Free Press (9/26)** concerning his decision to pursue a plan to make drugs imported from Canada available to Minnesota seniors, state employees and low-income residents. If approved, the plan would cover 700,000 Minnesotans and save \$20 million. "We

hope this is just the first move in a series that will eventually be to much-needed lower drug costs for all, especially senior citizens," the *Press* urges. "With Congress dragging its feet on the issue, it is up to the states to take care of their citizens."

"Gov. Tim Pawlenty is thinking outside the box about health care costs. We are glad to see him doing so," cheers the **Fergus Falls Daily Journal (9/26)**. But the *Journal* questions the plan's practicality. "It is far from clear whether re-importation can be done legally. And it is far from clear how Canadian drugs would be used in practice to fill prescriptions. "If those matters can be resolved, Pawlenty is on the right track."

Opinions divided on road tests for elderly drivers State Sen. Dean Johnson's call for more testing of elderly drivers is "off the mark," writes the **St. Cloud Times (9/7)**. The paper argues teenagers, not the elderly, deserve further scrutiny. "Of the 94,969 reported crashes reported in Minnesota last year, 30 percent involved drivers ages 15 to 24," the paper reports. "Most troubling is those crashes claimed 657 lives, of which 263 were people younger than 30. That is about 40 percent. People older than 65 accounted for about 16 percent of fatalities...if the Legislature truly wants to make the road safer, take steps to help teen-agers lower their risk of having a crash."

The **Free Press (9/9)** applauds Sen. Johnson for calling for stepped-up testing and training of elderly drivers. "Minnesota needs to join the 20 other states that require elderly drivers to renew their licenses more often and are given additional testing to check their driving skills," the paper writes. "Continuing to target young drivers with education and strict regulations is necessary to making the roads safer. That does not mean older drivers should not be monitored as well. While younger drivers will, in general, get better at driving as they gain experience, elderly people with physical limitations that affect their driving are not likely to improve with age." **MJ**

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door attractive, we will spend most of our initial efforts on guarding our back door.

Furthermore, while many groups currently conduct retention visits and other economic development activities, their efforts are often fragmented. Grow Minnesota! hopes to be the start of enhanced cooperation that is vital for achieving synergy and reducing overlap in economic development efforts. We plan to work closely with existing state and local economic development organizations and to expedite the relationship between those businesses that need assistance and those who can provide it.

Grow Minnesota! will be similar to previous economic development initiatives in that it will also have an economic research and trend analysis component. However, unlike previous private-sector efforts, trend analysis will emphasize opportunities for the entire state of Minnesota.

Why the Minnesota Chamber?

The Chamber has a proven track record in uniting Minnesota's private sector on public policy issues vital to the state's

economy. Over the last decade, its efforts have made the state's business environment more competitive. The Chamber recognizes that not all community problems can (or should) be solved by legislation. As such, our track record includes initiating and managing several programs to address problems through voluntary action. Some examples of this work include the creation and operation of Minnesota Waste Wise, a Chamber subsidiary that helps about 500 Minnesota businesses reduce their waste, and Clean Air Minnesota which is designed to improve Twin Cities air quality by reducing emissions from point, and especially non-point sources. The Chamber is committed to building the statewide economy in a number of ways and Grow Minnesota! will be a significant new tool for achieving that mission.

The Minnesota Chamber also has close ties to a statewide local chamber network to implement Grow Minnesota! Twenty-eight chambers will participate in the first year, but there is no limit on the number of chambers that can join. In addition, no

other economic development program has a built-in public policy component like that of the Minnesota Chamber at the state level, and local chambers at the local level. This is a critical component if we are going to successfully address the concerns of businesses that want to grow in Minnesota.

Back and reunited

The private sector has returned to reclaim its role in the development of Minnesota's economy. We recognize that this state has great small towns, vibrant regional centers and a growing metropolitan area. In order to grow each of these assets, we need to stand together behind them all. This means eliminating competition between individual regions and promoting collaboration on growing the statewide economy. Because when one of us succeeds, we all benefit. **MJ**

Jon R. Campbell chairs the Grow Minnesota! Advisory Board and is President of Wells Fargo Bank Minnesota, N.A. David Olson is President of the Minnesota Chamber of Commerce.

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to where labor is cheap—much as many computer programming jobs are already moving to India (as many recently laid-off software developers at Lawson could tell you).

Longer-term, as skilled labor costs equalize, production will move to where the human capital resides. And by 2015, it is estimated that 90 percent of the world's scientists will be educated outside of the United States. Which means that tomorrow, if stem cell researchers in Helsinki can grow human hearts and pancreas, Medtronic's cardiac heart disease and diabetes divisions may be history. If nanotechnology allows businesses in Bombay to create and produce roof shingles with solar cells embedded in them, Xcel's demand for energy will plummet. And if researchers in Shanghai or Stuttgart master atomic storage resolution to create a compact disk capable of storing the entire content of the Library of Congress (250 million books); the need for Seagate and

Imation's products may vanish.

All of this may sound fantastic, but does it sound any more unrealistic than the Bethlehem Steel plant being converted into the National Museum of Industrial History?

Change happens and, due to exponential advances in a variety of fields, change is only going to occur at an ever faster rate. The best—and perhaps only way—for Minnesota to prepare for this new reality is to put our students and work force on a crash diet of world-class scientific knowledge.

If we fail to do so our fate may be similar to that of the Swiss watch industry. In 1968, the Swiss controlled 80 percent of the world market for high quality watches. By 1973, their market share had plunged to less than 20 percent and the country witnessed the displacement of 50,000 watch-makers. The reason? A relatively simple technology, quartz technology, rendered state-of-the-art mechanical

watches obsolete.

The 20th century philosopher, Bertrand Russell, once said, "Almost everything that distinguishes the modern world from earlier centuries is attributable to science." He was right then and, prophetically, he is even more correct today. The future is going to look radically different than it does today and Minnesota's competitive advantage lies in the sciences. Our leaders need to not only to understand this fact, they need to both educate the public about the need to dramatically beef up our skill levels in these fields, and then provide the necessary resources to help the citizens of Minnesota develop the knowledge and skills with which they can continuously create—and recreate—the new Minnesota. **MJ**

Jack Uldrich is a consultant and author of The next big thing is really small: How nanotechnology will change the future of your business. [Crown Publishing Group, March 2003]

TakeNote

Policy Tidbits

Data bites that illuminate issues cropping up in the digital and non-digital worlds

In order to track activity in the nonprofit sector, the Minnesota Council of Nonprofits (MCN) will soon begin publishing quarterly economic reports. Through this “Nonprofit Industrial Average,” MCN hopes to provide more current information to policymakers about Minnesota’s nonprofit economy than it has been able to do with its annual nonprofit economy report. Working in partnership with a local university, MCN will recruit 100 nonprofit organizations (representative of the state’s sector by size, geographic location and activity) to share confidential information about income, expenses and employment that will be used to create the average. —*Marina Munoz Lyon.*

A new Congressional Budget Office (CBO) study estimates that more than 100,000 families across the country could lose their Section 8 affordable housing vouchers next year. While Congressional appropriations increased by 7 percent from last year, they have not kept up with increased housing costs. Local low-income housing experts estimate that more than 1,500 vouchers might be lost in Minnesota. —*M.M.L.*

Reexamining health care policy. Governor Pawlenty recently identified the biggest challenge for the 2004 Legislature as controlling rising health care costs. To that end, Pawlenty chose former Senator Dave Durenberger to lead an 18-member, no-partisan group dedicated to examining health policy in Minnesota. To contribute solutions, visit the forum’s Web site at www.mncitizensforum.org. —*Sean Kershaw.*

The Brookings Institution’s Center on Urban and Metropolitan Policy is in the midst of a detailed analysis of demographic and market trends impacting the Twin Cities. The project, undertaken with the McKnight Foundation, will also help to provide policy guidance for responding to the trends. The final report will not be out until spring, but there is a great deal of information and analysis on the project’s home page at www.brookings.edu/urban. —*S.K.*

Correction: We inadvertently shortened an important “Take Note” in the September

Minnesota Journal regarding the Minneapolis School District. Our apologies to Joe Nathan, who submitted the “Take Note.” The full text read as follows.

Usually school districts propose closing schools to save money. However, after having spent more than \$6 million to fix up the Sanford Middle School building over the last several years, the Minneapolis Public Schools are discussing closing the school, and then building a new \$ 25-35 million building further south. According to the Northwest Achievement tests that the District uses, over the last 4 years, the percentage of Sanford’s “continuously enrolled students” making at least a year’s worth of progress in reading and math has increased. At the same time, the percentage of Minneapolis Public School students making at least a year’s worth of progress in reading and math has decreased slightly. With help from Cargill, the Center for School Change at the Humphrey Institute has been working with this school over this period to help improve achievement and family involvement. We, and many others, wonder what kind of message is the district giving to the Sanford faculty, parents, and students who are showing improvements? At a time when Minneapolis insists that it does not have enough money, why is it proposing to close the school and then spend another \$25-35 million on another building? This controversy helps explain the frustration that leads to educators and families to create new options, such as charter schools.

Another Correction: A “Take Note” in the August edition of the *Journal* stated that the number of people with bachelor’s degrees in Minnesota increased by 441,010 in three

years. The increase occurred over 13 years. Our apologies for any confusion.

An October 2003 survey in *American Demographics* asked Midwesterners which factors influenced their decision to buy a given product. Eighty-one percent said safety for the environment influenced their decision while 71 percent identified a company’s reputation for using environmentally friendly practices as influential. This environmental consciousness in consumption is a reflection of the Midwest’s environmental policy and a sign that the environment is an issue voters are willing to take a stance on. —*Laura Hammond.*

A recent story in Newsweek documented a new trend in political involvement. MoveOn, an online interest advocacy group has, since it was founded in 1998, collected over 1 million members on its e-mail subscriber list and has raised millions of dollars for causes from Texas redistricting to Democratic presidential candidates. People are paying attention to MoveOn’s successful methods and imitating them. This fall, the Democratic Congressional Campaign Committee will re-launch its website to operate more like MoveOn and presidential hopeful Howard Dean proudly admits that he has copied MoveOn’s internet organization. While there is no Republican analogue to MoveOn, the Republican National Committee has recruited activists for its internet-based Team Leader Program which updates the leaders on Bush policy via e-mail. To learn more visit www.moveon.org. —*L.H.*

Take Note contributors include Citizens League members and staff.