

## Michigan Crossroads 1.1

### My Message

My message today will expose both of  
my character flaws as a scientist/engineer...  
...it will be a vision of the future...  
...and it will be unusually candid.

Few seem to realize the enormous  
changes our society is undergoing as it  
approaches the 21st Century.

We are becoming more diverse, more pluralistic  
as a people. Indeed, almost 90% of the new  
entrants into our workforce during the 1990s  
will be people of color, women, or immigrants.

Our economy and commerce are becoming every day  
more interdependent with other nations as  
the United States becomes a world nation,  
a member of the global community --  
as this past year's events in China, Russia,  
and Eastern Europe make all too apparent.

And we are rapidly evolving into a new post-industrial  
society, in which the key strategic resource  
necessary for prosperity and social well-being  
has become knowledge itself, that is,  
educated people and their ideas.

Indeed, knowledge will play the same role that  
in the past were played by natural resources  
or geographical location or labor pools...

In the pluralistic, knowledge-intensive, global  
future that is our destiny, it is clear that the  
quality of and access to  
...education in general  
...higher education in particular  
...and great research universities  
such as the University of Michigan  
and its sister institutions  
most specifically of all...  
are rapidly becoming the key factors in  
determining the strength and prosperity  
of our state.

But here there is some good news...  
America is particularly well positioned,  
since our research universities are clearly  
the envy of the world, as evidenced by the  
extraordinary demand by graduates of  
every country to see advanced education  
and training in the United States.

Indeed, higher education is not only our nation's  
highest quality, but also probably also its most  
competitive industry as measured by the  
test of the marketplace!

Further, Michigan is especially strong  
from this perspective, since our state has  
built over the years not only one of the  
best systems of public higher education in  
the nation, but possesses several of the world's  
leading research universities.

But, now for the bad news...and the candor...  
We--that is YOU AND ME--seem hell-bent, both as a nation  
and as a society, on destroying the extraordinary  
resources represented by system of  
public education--from K through 12 through 16

through lifetime education--  
just as we are entering an  
age of knowledge in which they will become  
our most valuable resources.

Indeed, a tragic combination of public  
misunderstanding, short-sightedness,  
and downright selfishness, is now threatening  
to deprive our children and grandchildren  
of the same opportunities for a quality  
education that you and I enjoyed--  
because of the sacrifices of our ancestors.

Leading to the frightening prospect that we will  
manage to destroy our international competitiveness  
of education just as we have many other  
American industries.

In my home state Missouri we have an old saying  
that the best way to get a mule to move  
is to first hit it over the head with a 2x4 to get its attention.

Now that I have your attention,  
let me explain more clearly what is at stake here...

### **Themes of Pluralism, Globalization, and Knowledge**

And while it is always risky to try to speculate about the  
future our students will find, three themes of 21st  
Century America seem clear...

i) It will be future in which our nation becomes a truly  
multicultural society, with a cultural,  
racial, and ethnic diversity that will be extraordinary  
in our history

In which women take their rightful place as leaders  
of America...

In which those groups we refer to today as  
minorities will become the majority population of  
our nation in the century ahead...

The 21st Century will be the first post-European century  
in American history.

An absolute majority of young people born in US  
in the 21st Century will be born of parents  
of other than European background...  
Asian, African, Hispanic

And this will represent a major change in the  
character of our society.

ii) It will be a future in which America will become  
"internationalized" ...  
in which every one of our activities must be viewed within  
the broader context of participation in the global community...  
In an age of intercontinental missiles, threats to the global  
environment, instantaneous worldwide communications,  
a world economy, and an international marketplace of  
ideas and arts and political trends,  
it is clear that we are becoming increasingly  
interdependent with other nations and other peoples.

Further, as the destination of roughly half the world's  
immigrants, the United States is rapidly becoming a  
"world nation" with not simply economic and political  
but strong ethnic ties to all parts of the globe.

iii) The Age of Knowledge  
But there are even more profound changes underway...  
Looking back over history, one can identify certain  
abrupt changes, discontinuities, in the nature,  
the very fabric of our civilization...  
The Renaissance, the Age

of Discovery, the Industrial Revolution

There are many who contend that our society is once again undergoing such a dramatic shift in fundamental perspective and structure.

Today we are evolving rapidly to a new post-industrial, knowledge-based society, just as a century ago our agrarian society evolved through the Industrial Revolution.

Some examples:

1. Industrial production is steadily switching away from material and labor intensive products and processes to knowledge intensive processes:

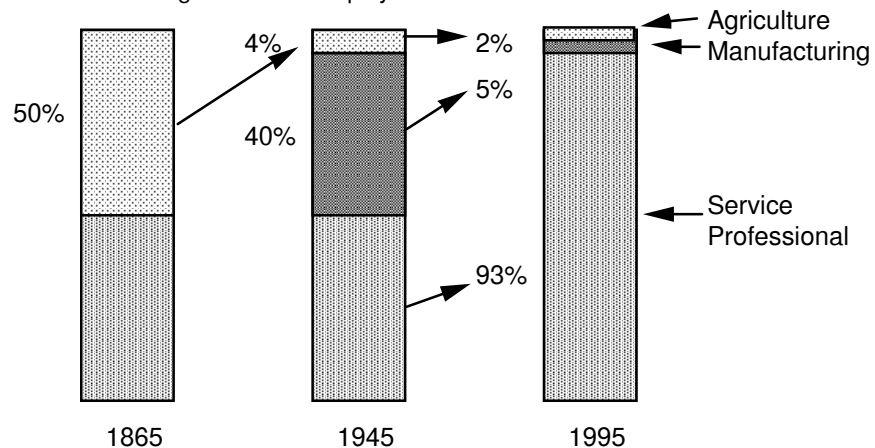
As Peter Drucker notes:

In a car, 40% materials, 25% labor...

In a chip, 1% materials, 10% labor, 70% knowledge!!!

(In fact, the material for computer chips is the world's most common substance...sand!!!)

2. Our nation's future has probably never been less constrained by the cost of natural resources.
3. Increasing manufacturing production has come to mean decreasing blue collar employment!



4. We are in the midst of an information revolution that is changing the basis of economic competitiveness and world power. (Indeed, if you want to know the real reason for the recent events in Eastern Europe, China, and the Soviet Union--the collapse of communism--it was the silicon chip which created a truly international exchange of ideas and perspectives that could not be constrained by any government!)

In a sense, we are entering a new age, an age of knowledge, in which the key strategic resource necessary for our prosperity, security, and social well-being has become knowledge--educated people and their ideas.

This new critical commodity knows no boundaries.

It is generated and shared wherever educated, dedicated, and creative people come together... and, as we have learned, it spreads very quickly.

Key element in transformation, is the emergence of knowledge as the new critical commodity, as important as mineral ores, timber, and access to low skilled labor were at an earlier time.

The knowledge revolution is happening worldwide  
and at a very rapid rate.

### Concerns...

Needless to say, these same challenges of pluralism,  
of globalization, and of this age of knowledge  
that is our future will pose great challenges and  
demand similar changes in our state and our nation.

The America of the 20th Century that we have known...  
was a nation characterized by a rather homogeneous,  
domestic, industrialized society...

But that is an America of the past.

Our children will inherit a far different nation...  
a highly pluralistic, knowledge-intensive, world nation  
that will be the America of the 21st century

Of course, these themes of the future,  
the changing nature of the American population...  
our increasing interdependence with other nations  
and other peoples... and the shift to a knowledge-intensive,  
post-industrial society.

Are actually not themes of the future

...but rather themes of today...

...in a sense, I have simply been reading the handwriting on the wall...

Yet I also fear that few have realized the enormous  
changes that our society is going through as it  
approaches the 21st Century.

The impact of these changes are already painfully apparent  
to Michigan's workers and industries.

In fact, it is here in Michigan...in the heart of the "Rust Belt"  
that the impact of these extraordinary changes are  
most clearly seen...

We all know that past decade was a period of  
great difficulty for our state...

Industries of great economic importance to our  
nation such as steel and automobiles have  
fallen victim to intense competition from abroad...

Plants have closed...we still have many people chronically  
unemployed...or under employed...

There are many indicators of the impact of this  
transition on our state...

Over the past decade, Michigan has slipped badly  
in several key indicators of quality of life:

- 30th in per capita income
- 41st in overall employment
- 48th in business climate (perceived)
- 48th in high school graduation rates
- 50th in return on federal tax dollars

Oh, we still rank near the top in some things...

For example, we rank...

- 12th in property tax burden
- 14th in teenage unemployment rate
- 13th in incarceration rate (and rising rapidly)
- 13th in percentage of children in poverty
- 10th in infant mortality
- 4th in public aid recipients
- 1st in mortality from major disease

There is still one other category of indicators of some  
concern, and these reflect our willingness to  
invest in the future. Michigan ranks

- 37th in support of HE per student
- 45th in support of HE during 1980s
- 40th in support of K-12

It is clear that our state is in the midst of a profound transition...  
...from an industrial economy based upon the abundance  
of natural resources, unskilled labor, and, to some degree,  
constrained, slowly moving domestic markets...

To a knowledge-based economy, characterized by intensely  
competitive world markets, rapid change, and--most  
important of all--educated people and their ideas.

This has not been...and will not be...an easy transition to make.

The truth is that the outcome is still very much in doubt!  
producing jobs and improving our quality of life.

Whether we will emerge from this transition as a  
world economic leader once again...with a  
strong, prosperous--albeit new--economy

Or whether we will fail to heed the warnings...  
...to make the necessary investments and  
sacrifices today necessary for strength and  
prosperity tomorrow...

And become an economic backwater in the century ahead.

It is clear that we face a watershed--a fork in the road ahead.

My central theme is that education, broadly defined, will  
be the pivotal issue in determining which of these two  
alternative futures will be Michigan's...and America's.

Indeed, I am absolutely convinced that the dominant issue of  
the 1990s will be the development of our human resources.

Previous economic transformations were closely associated  
with major public investment in infrastructure such as  
railroads, canals, electric networks, and highways.

In the coming economic transition, an equivalent  
infrastructure will be an educated population.

The actions we must take today...

...and the investments we must make...

...will clearly determine our capacity to  
respond to this future...

### **The Good News and the Bad News**

#### 1. America's Strength...and Weakness

In December I attended a conference of the top scientists,  
government officials, and CEOs from a number of nations  
throughout the world. The CEO of Nissan pointed out  
that following an extended visit by a number of senior  
Japanese officials, they asked the group what they  
felt the greatest strength and weakness of the US were:

They were unanimous in their conclusions:

America's greatest strength was our research universities.

Our greatest weakness was public education at  
the primary and secondary level.

Quite a paradox, isn't it?

Quite a challenge!!!

#### 2. BHEF

Last winter I attended the annual meeting  
of the Business-Higher Education Forum in  
Tucson, an organization comprised of 40  
of the nation's top CEOs and 40 university  
presidents.

During this meeting the CEOs stated their belief  
that the quality of public education in America  
was the most serious crisis this nation had  
faced since WWII!

And yet this is a crisis about which there is little  
public concern and even less public consensus.

#### 3. Growing Pessimism

In my frequent interactions with the leaders of

the public and private sectors throughout this nation I detect an increasing sense of pessimism about America's will and capacity to take the actions necessary for our future.

Indeed, many now believe that that our nation is well down the road toward "outsourcing" its knowledge resources--just as we have been our labor, our manufacturing, our products--since American industry can not only depend on domestic knowledge resources--that is, a well-educated labor force or an adequate supply of scientists, engineers, and other professionals.

- i) There is increasing pessimism that the staggering problems facing K-12 education can be overcome on the time necessary to preserve our economic strength.
- ii) Further, despite the fact that most other nations regard higher education as our greatest strength, there is little sign that this view is shared either by our elected political leaders or the public at large. Indeed, it has become fashionable to attack our universities, even as we continue to seriously underfund them.
- iii) The rapid growth of "transnational" companies which seek resources, whether they be labor, processes, or knowledge--wherever they can get them at highest quality and lowest price--suggests that outsourcing of knowledge from other parts of the world will become increasingly common as the quality of American education deteriorates.

This is truly a frightening prospect. Industry has already outsourced labor and manufacturing.

Can we afford to lose its competitive capacity to produce knowledge as well?

Let's face the facts, folks...

We're not going to be rich and prosperous if all we do is mow one another's lawns.

Or, more to the point, engaging in financial gymnastics such as leveraged buyouts financed by junk bonds...

We have to bring something to the table of the international marketplace.

We have to generate our wealth...through our people...their knowledge and their skills.

### **The Dangers of Underinvestment**

But here there are dark clouds on the horizon...

increasing evidence that we as a people have not yet recognized either the nature or the magnitude of the investments we must make to achieve prosperity in an age of knowledge.

1. Over the past several years, numerous studies have suggested that Michigan is seriously underinvesting in its "knowledge infrastructure"...by as much as 30% to 40% relative to other states.
2. The challenges faced by K-12 education are apparent. By any measure, K-12 is in serious trouble.

We are "A Nation At Risk"...

Note: it is bad enough that...

10% of Americans are illiterate

25% now fail to complete high school

But in recent years we have learned that in international comparisons of achievement in science and mathematics, our grade school and high school students score at the very bottom of industrialized nations.

We are a sports-oriented society, and we like to frame issues in the language of the playing field like "being Number one".

But folks, this isn't a game we are talking about today, this is a deadly serious matter of raising a generation of American who will be able to hold their own in an increasingly competitive, increasingly complex, increasingly science-oriented world.

The coins of the realm in the age of knowledge will be science, mathematics, and technology...

But most American students are simply not developing these skills.

They aren't even learning the basics...

reading, writing, critical thinking, languages  
geography, history, literature, the arts

We hear along about the 21st century, but this sounds remote.

These kids that test at the bottom of the heap in world terms will be the backbone of our labor force at the turn of the century...

...and will be running our country in 2025!

In fact, you will be entirely dependent upon the productivity of this undereducated generation to support your social security programs and your government during your retirement years.

Unfortunately, what is also apparent is our inability to agree on actions aimed at improving the quality of our schools--or equity in their financing.

3. The situation is somewhat different yet no less acute for higher education in our state.

While the quality of Michigan higher education today is still high, the long term prognosis is poor if we continue as we have been in recent years.

Over the past two decades, the State of Michigan has dropped from the position of a national leader (ranked 6th in 1965) in its public support of higher education to among the lowest in the nation.

Let's look at the comparisons for a moment:

Among the states, Michigan currently ranks

- i) 38th in appropriations per student
- ii) 37th in appropriations as a percent of personal income
- iii) 26th in appropriations per capita

Further, we not only fall significantly below the national average in our support, but it is clear that we are slipping even farther behind with each passing year:

- In fact, the increases we have provided in our support to higher education now rank
- iv) 42nd over the past two years
  - v) 45th over the past ten years
- nearly dead-last among the states.

Hence, no matter how you slice it, our state now ranks among the lowest in the nation in its support of higher education.

As a highly industrialized state undergoing a dramatic change to a knowledge-intensive economy, Michigan is critically dependent upon quality higher education for well educated citizens and creative ideas. Yet Michigan has now fallen into the bottom ranks of industrialized states in its support of these critical resources.

We are being outspent by 30 - 40% in state support per student...  
Not simply by prosperous states like California...but by neighbors such as Indiana and Ohio!

They understand what we have yet to grasp. The world is changing rapidly, and we have to prepare ourselves for tough competition.

Until now we have been able to sustain the quality of public higher education in this state in the face of a catastrophic loss of state support because of our traditional autonomy, so wisely granted almost 150 years ago by the authors of our state constitution.

This autonomy allowed Michigan's universities to take strong internal actions, reallocating resources, redefining priorities, and increasing tuition levels to partly compensate for reduced public support.

But in recent years, even this autonomy has been threatened...through efforts from Lansing  
i) to constrain tuition levels to artificially low levels even as state appropriations eroded still further  
ii) to dictate who we must admit  
iii) even to dictate what we must teach...

Whether measured in terms of state appropriation per student or fraction of our tax dollars directed toward higher ed, it is clear that in comparison with other states, our present level of public support is simply inadequate to maintain over the long run a system of higher education that is competitive on a national basis.

Our autonomy has allowed us to continue to move forward...even though the gas tank is running on empty...  
...but now state government threatens to challenge even about ability to manage our institutions during a period of great financial difficulty...

And threatens to slam the brakes on quality education in Michigan.

### **What has happened to our priorities?**

What is wrong here???

Why is public education in Michigan and across America at such a great risk today--even as our need for an educated population intensifies?

Who is to blame???

Our schools and colleges???

Certain our schools must take strong actions to improve quality and strive harder to operate in a more cost-effective manner.

They must be far more willing to embrace rather than resist change, leaving behind the smokestack, industrial approach to education, and the blue-collar approach to their employees, their teachers.

Certainly too our teachers and administrators must set



higher standards and focus their efforts on education.

But it is clear that we must not lay the primary blame for the crisis in public education on the schools themselves. In a sense, they have fallen victim both to our changing priorities as a society and the crushing bureaucracy we have forced upon our schools.

What about our elected public officials???

Are they to blame?

Once again, it seems clear that many of those in elected public positions have given only lip service to the need of education, responding with mere rhetoric or gimmicks...or even worse, playing with education as a political football.

Yet, here too, we must not assign primary blame for the crisis in public education to those holding elected office. Indeed, it seems clear that the message is finally beginning to get through to those in a position to act.

Our elected leaders--whether in Washington, or in Lansing, or in our local communities-- would like nothing better than to be identified with positive support of education...

...to be known as the education president

...or the education governor or the education party

Many of them understand the importance of investing in our human resources and are searching for creative ways to improve public support for education.

But they also face formidable constraints, since in the end they must be responsive to the wishes of the electorate...and face it, gang...the electorate today says:

i) no more taxes...

ii) no more crime...

iii) no more cuts in social services or national defense...

and our public officials have no choice but to respond.

No, the real finger of blame for the crisis we face in education should be pointed, as Michael Jackson would say, at "The Man in the Mirror"... ..at you and at me...

We are the ones who fail to demand the highest quality in our educational institutions in Michigan...

We are the ones who steadfastly resist a tax base adequate to support both our needs and desires...and provide an adequate level of support for quality education in this state.

We are the ones who block any effective efforts to achieve equitable financing of education in Michigan.

We are the ones who often are too busy to help our own children in their studies or participate in their activities.

And we are the ones who insist on building more and more prisons, even when we know that this investment comes out of the hide of education and social services-- which are, of course, the only true long term solutions to crime!

Something has changed in Michigan and in America...

I was brought up in a long tradition in which one's first responsibility was to one's children.

My parents took great interest in my studies...they scrimped and saved for my college education.

My wife and I have done the same--as I expect have many of you in this room.

But what about our fellow citizens?

What has happened to us as a nation?

Today's generation seems different.

Perhaps it is the "me" generation of the 1960s,

now grown into comfortable yuppiehood...  
...a generation that has vigorously defended  
its rights, but all too frequently failed to  
step up to its responsibilities.

Of perhaps it is due to an aging America, willing  
to place highest priorities on the needs of a  
retired generation--while leaving little left  
for the young.

Whatever the reason, it is clear that we may well  
become the first generation in the history of  
America that will go down in history as unable...  
...or unwilling...to provide for a better future  
for the next generation...our children and  
grandchildren.

We have become consumers of education,  
not investors in the future.

As a nation we have been spending our children's future  
to pay for greedy consumption and quick fixes.  
Instead of investing in our schools  
We have squandered money on junk bonds and  
leveraged buyouts, on payouts and write-offs to people  
who already have enough.....or more than enough.

### **The Challenges**

#### **To Us...**

In a very real sense, our state has entrusted to us its most  
valuable resources...its youth...and its future.

To be responsible stewards of the public trust, it is clear  
that we must strive to achieve greater  
cost-effectiveness in our use of public funds...  
and I can assure you that we intend to do just that.

But even beyond this, we must become staunch guardians  
for the quality of our institutions...

For in education, as in every other aspect of American life,  
quality will be the key to our future.

We need to give our children the best education and  
chance for the future that we can. We should be  
willing to pass on to them what we ourselves  
have received...opportunity for a better life.

Hence, to us falls the responsibility of taking the forceful and  
courageous actions necessary to sustain and enhance  
this quality...in the long run the people of this state  
both demand and deserve nothing less!

#### **To You...**

Years ago our parents stepped up to their responsibilities  
by sacrificing to give us an opportunity for a better life  
through education.

Now it is our generation's turn.

Today we are called upon to demonstrate a similar commitment  
to our children...to the next generation...to the future.

Education represents one of the most important  
investments a society can make in its future...since  
it is an investment in its people...

It is indeed the case that our state and our nation  
have developed the finest systems of public education  
in the world...

But we must also remember this resulted from the willingness  
of past generations to look beyond the needs  
and desires of the present and to invest in the future  
by building and sustaining educational institutions  
of exceptional quality--

Institutions that have provided those of us in this gathering

today with unsurpassed educational opportunities.  
We have inherited these marvelous institutions because of the commitments and the sacrifices of previous generations...and it is our obligation as responsible stewards--not to mention as responsible parents--to sustain them to serve our own children and grandchildren.

It seems clear that if we are to honor this responsibility to future generations, we must re-establish the priority of both our **personal** and our **public** investments in education, in the future of our children ...and hence in the future of our state and our nation.

**To our elected leaders...and those aspiring to public office**

1. Our public leaders must develop and implement a strategy to restore an adequate level of public support for public education to raise Michigan --that raises us from among the very bottom among the states to a position of national leadership once again.
2. They must bring to an end the present freeze on capital outlay appropriations for higher education (now entering its fourth year) and begin to deal with the seriously deteriorating facilities on our campuses.
3. They must respect our constitutional autonomy and preserve it for generations to follow as the best safeguard for maintaining quality public higher education accessible to all.
4. And most of all, our public leaders must come to understand that they are stewards for the moment of an extraordinary resource for our state--one of the world's finest systems of public education--a system that has resulted from the commitment and sacrifices of eight generations of Michigan citizens. They will be judged by future historians by how wisely and effectively they protect and sustain this great resource, so critical to our future.

**The Challenge to Us All...**

**Michigan Challenges**

Today the State of Michigan faces serious challenges that will clearly determine its future prosperity and well being...

the challenge of pluralism...  
the challenge of participation in a global community...  
the challenge of the Age of Knowledge  
the challenge of change itself...

As we approach a new century, our state--just as our nation-- is undergoing a profound and difficult transition to a new economic order...

Our fabulously prosperous industrial economy... an economy that allowed us to build some of the world's great institutions---including some of its finest universities--

But that economy is rapidly disappearing...  
...and our challenge for the next decade is to take the steps necessary to build a new knowledge-based economy which will be competitive in a world marketplace.

Let there be no mistake about it...this will not be an easy transition...and the outcome is still very much in doubt.

I believe that we can meet the challenge of the knowledge-based, global society that is our future.

But it is also clear that to do so will require sacrifices on all of our parts...

It will take renewed commitment to that most fundamental of all characteristics in the new economic order: quality

And it will take renewed investment in that most critical resource for our future--our system of public education.

#### The Role of Alumni

While it is clear that we are entering a very critical period in our state's history when higher education will increasingly be a key factor in our prosperity and social well-being,

It is also clear that both the quality of and access to higher education in Michigan is a subject of great concern.

Without your direct intervention...as alumni, a taxpayers and voters, and as citizens with a stake in Michigan's future

Further, your university, the University of Michigan, could sustain serious and permanent damage in the years ahead if we do not reorder the priorities of this state...

#### A specific request...

In the months ahead, you will have many opportunities to interact with candidates for public office in this State.

Many of you will attend fund-raisers, others will become directly involved with the political process.

As you do so, let me suggest that ask each of these candidates what they intend to do to address the crisis facing public higher education in Michigan.

And let me also suggest that you take their answer into careful consideration as you determine where to direct your support.

#### Final Comments

We recognize that the choices before Michigan are not easy.

We must address pressing social issues of employment, health, social welfare, we must meet the important needs of our citizens today.

But also we must balance these immediate needs with investment in our future.

We cannot continue to address symptoms of our problems without addressing their causes.

We cannot bring back the past even if we wanted to

For generations, the people of Michigan sacrificed so that their children could have a better life.

They had faith in education.

Today we must rekindle that faith and that commitment to the future.

It is now our generation's turn to demonstrate the same responsible stewardship and concern.

We must care for our children's future, for our common good, as much as we care for our present and individual interests.

Michigan has everything it needs to succeed...

... to once again become the economic leader  
of our nation and the world...  
IF we can summon the will and the discipline  
to pull together and build a brighter future.