

Detroit Economics Club

The Many Michigans...

- A modern research university such as the University of Michigan has many faces...
- There is the Michigan of those marvelous Saturday afternoons in the fall as 105,000 fans cram into Michigan stadium to watch the Wolverines...
- Then there is the Michigan of the Big Chill...
The tradition of student involvement helping to awaken the conscience of a nation...
- There is also the caring Michigan as seen by the over half-million patients a year who are treated by the UM Medical Center,
- Or the Michigan as Silicon Valley East, working to build the high-tech infrastructure necessary to create new companies and new jobs...as evidenced by the \$5 B industry in industrial automation now building up in the Ann Arbor-Detroit-Warren crescent...
- Or the Michigan which attracts to our state almost a quarter of a billion dollars of federal R&D each year...not to mention many of the world's leading scientists and engineers
- And, of course, there is the Michigan as the educator, attempting to provide, an education for Michigan citizens as good as any available in the world...
- It is important to note these different perspectives of the University because all too often we tend to think of these marvelous and complex institutions in one-dimensional images that reflect only our particular interests or needs of the moment...
...when we read about student unrest on our campus...
...or see Michigan lose at the buzzer against Indiana...
...or open the tuition bill for our son or daughter...

Challenges for Today--Opportunities for Tomorrow

- Our universities today are at a particularly important moment in history, since they are being called upon to educate students who will be spending most of their lives in another century...citizens of the 21st Century, if you will.
- 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 those groups we refer to today as minorities will become the majority population of our nation in the century ahead...
In this future, full participation of today's underrepresented minorities will not be just a matter of equity and social justice.
It will be the key to the future strength and prosperity of America, since our country cannot afford to waste the human talent represented by its minority populations.
- ii) It will be a future in which America will become "internationalized"...
in which every one of our activities must be viewed from the broader context of participation in the global community...
in which America becomes a true "world nation", with not simply just economic and political ties, but indeed through immigration, with ethnic ties to every part of the globe.
- iii) It will be a future in which we rapidly evolve from a resource- and labor-intensive society to a knowledge-intensive society,

in which intellectual capital...educated people and their ideas...become the keys to our prosperity, security, and well-being...

As we enter this new age of knowledge that is our future, it is clear that we will become ever more dependent on our research universities as primary sources both of new knowledge and those who can apply it.

Hence our institutions will face a period of unusual responsibility, challenge, and opportunity in the years ahead.

But I believe we will also face a period of major change.

In a very real sense, the university as we know it today was invented to serve an America of the past...
...a nation characterized by a rather homogeneous, domestic, industrialized society.

It is becoming increasingly apparent that it is time to develop a new model of higher education---
to re-invent the university, if you will--so that it is capable of responding to the needs of the highly pluralistic, knowledge-intensive, world nation that will be the America of the 21st Century.

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.

Indeed, I am personally convinced that Michigan faces a very unusual period of challenge in the decade ahead...a watershed, in a sense, from which we can either emerge as a national leader...or as an also run...an economic backwater

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.

Indeed, I am absolutely convinced that the dominant issue of the 1990s--both for this state and for this nation--will become the development of our human resources.

Clouds on the Horizon: Some warning signs...

WARNING SIGN 1: A Serious Skilled Manpower Shortage

Traditional source of human capital for business and industry, that of young adults, is declining rapidly as we slide down the backside of the postwar baby boom.

25%-30% falloff in HS graduates by 1992

Composition of young adults is also changing...

By 2020 30% will be composed of Blacks and hispanics...

students who have not traditionally had the opportunity for the education necessary for knowledge-intensive careers.

WARNING SIGN 2: Labor force faces a particular challenge...

Michigan is undergoing dramatic change in industry...

Unskilled labor will lose relevance in a world dominated by microelectronics, computers, and automation.

Statistical quality control and just-in-time inventory systems require production workers with mathematical abilities that are far beyond the present level.

Of all the inputs into our economy, the quality of our workforce is probably the most critical.

There is a very serious question as to whether we are providing adequate educational resources to produce the quality of workforce necessary for the knowledge-intensive future of this state.

Warning Sign 3: The Dangers of Underinvestment

Perhaps the most ominous dark cloud on the horizon of all is the increasing evidence that we as a people we have not yet recognized either the nature or the magnitude of the investments we must make to achieve prosperity in an age of knowledge.

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.

Particular concern has been focused on the "education pipeline" in Michigan...from pre-school through K-12 education through higher education to lifelong education.

The challenges faced by K-12 education were well-summarized in a recent editorial in a Detroit paper:

"If Michigan is to prepare tomorrow's workers for tomorrow's jobs, major structural changes are needed in public education, both in classroom quality and in the adequacy and fairness with which the system is financed."

Yet, we continue to be paralyzed in our efforts to come to grips with school finance reform or major structural changes necessary to achieve quality in public education.

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

While the quality of Michigan higher education today is very high, the long term prognosis remains guarded...

Despite herculean efforts by the Governor and the State Legislature in recent years to restore adequate support for higher education in Michigan after the devastating cuts of the early 1980s, we continue to fall further behind the national average in state support.

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.

What has happened to our priorities?

What is wrong here???

Who is to blame???

Our schools and colleges???

Certainly they must take stronger actions to improve quality...and strive harder to operate in a more cost-effective manner...

But their present situation reflects as much as anything else our own personal priorities...

...as parents

...as volunteers...

...as citizens and voters...

What about our elected public officials???

It is certainly not their fault!!

Listen to their recent messages...

whether it be the Governor's State of the State address...

...or the response from the state Republican leadership...

...or the President's State of the Union address last week...

It is clear that our elected leaders, whether in Washington or Lansing or our local communities...

Would like nothing better than to make education their highest priority.

To become

...the Education Governor

...or the Education Party

...or the Education President

They understand clearly the importance of investing in our human resources, and they are searching valiantly for creative ways to improve the quality of our schools and provide adequate and equitable financial support.

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 generally 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!

We are the ones who complain about higher tuition costs at our public institutions, even though we know that these fees represent only one-third to one-fourth of the actual costs of an education on our campuses...

and that our colleges provide adequate financial aid to offset the burden of even these modest costs to those in need...

Indeed, there is a particularly tragedy in this disturbing recent trend, because when combined with the serious limits on public support which now exist in our state, successful efforts to prevent adequate tuition levels for those who can afford to pay them, will not only undercut our capacity to provide financial aid to those less fortunate, but beyond that, will force our institutions down a path of towards mediocrity.

Let there be no doubt about it...

In higher education, as in every thing else in life, if you want bargain basement prices...you will eventually end up with bargain basement quality...

If there is one common theme to these trends, it can be summarized by that old T-shirt expression:

"Eat dessert first, life is uncertain"

We have become a "live for the moment society"

For many years now we simply have not been

willing to invest in our future...and the future of our children...

Yet the writing on the wall could not be clearer:

As we prepare to enter the Age of Knowledge, our ability to sustain the strength of our state and our nation...to achieve the quality of life for our citizens...will be determined, more than any other factor, by how we develop, nurture, and educate that most precious of resources, our people.

Hence, let me conclude my brief remarks by tossing at you--and at me--

several challenges:

Concluding Remarks

To You...

Higher 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 higher 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 auditorium 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 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.

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!

The Need for a New Coalition

Today 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...

If we are to respond, we simply must reorder the priorities of this state...

We must shift away from the temptation to address only the needs and desires of the moment

And, instead, we must begin to make some of the key investments necessary for the long term...

The key investments in our people...
in our children...

This is not just the worry of local communities or state government or public institutions

It is everybody's concern!

Each of us must step forward and unite to face the challenge of the future.

We must work together to build new coalitions including the public and private sectors...state government,

education, business, industry, and labor...to
develop an agenda appropriate to secure the
future of our children, our state, and our nation.

Michigan continues to be blessed with abundant natural resources,
a people of great strength, and a system of higher
education of a quality envied by the rest of the
nation...indeed the world!

But, the writing is on the wall...

If Michigan is to prosper in the age of knowledge
that is almost certainly our future, we must join together
now to restore both our public and
personal investments in education...
...in our people and their ideas...
...in our children...
...and in our future