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A few months ago I listened to Dr. David Birch from M.I.T. talk about the future of Michigan economy. He made a convert out of me. I too am optimistic about the future of Michigan. But I qualify that optimism with this caveat: A long-range solution to Michigan's economic problems requires the will and intelligence to take certain actions that will diversify the economy, and the insight to understand, appreciate, and nurture Michigan's strengths.

Dr. Birch's research indicates that the job loss in every area in the United States runs nearly 50% every five years. Replacing one half of the jobs every five-year period just to break even is a formidable task, but it shows how dynamic our economy is. Far more so, Dr. Birch says, than Europe's. This dynamism means there is opportunity for profitable change if we have the will to do it.

In Michigan we are concerned with the loss of jobs in manufacturing. Plants close, move, or substantially reduce their number of jobs. We are critical of the laws and conditions that we perceive to be responsible for driving jobs out of our state. Our criticism is valid, but in making it we must understand that few businesses move from north to south or move any long distance. That kind of movement is not the cause of economic change. Nearly every section of the country, in fact, loses about the same number of jobs each year. According to Dr. Birch, Dallas, Houston, Orange County, and Santa Barbara have a higher percentage of plant closings and job losses than Detroit, Cleveland, Buffalo, and Boston.

What is happening in Michigan, like everywhere else, is the loss of manufacturing jobs. This loss results from changes in
technology and the international economy that bring new competitive forces for us to deal with, and is not so much from movement of jobs out of the state. The net loss of manufacturing jobs in Michigan in the 1970's was 95,000. This was countered by a gain of 430,000 service jobs. In the last three years, however, before our modest recovery began, Michigan had a net loss of 300,000 manufacturing jobs, which was offset by a gain of only 50,000 service jobs. Obviously, our economy was in a state of reasonably healthy transition until the end of the decade, but has stumbled badly recently.

When we look at the upper Midwest -- Michigan, Wisconsin, and Minnesota -- in the 1970's that area developed 7,000 manufacturing jobs and 1.2 million service jobs. In the United States, since 1965, 30 million new jobs have been created, a 46% increase, but not one additional job was added to the total in manufacturing.

Larger percentages of our manufactured goods are being provided by foreign labor, by a robot, or by some form of intelligent machine. In 1979 we had 5,000 robots at work in the United States. By 1982 there were 11,000. Birch predicts that we will have 37,000 in 1984 and 810,000 by 1992. What has been happening for a decade or more, and what is projected for the near future, leads to an obvious conclusion. We have an economy in which increasing numbers of jobs require brains rather than brawn.

Where will most of the new jobs be in the future? They will be in engineering design, high technology, maintenance, computer software, finance, insurance, tourism, education, law, health care, communications of various kinds, and many other fields, but not in the old backbone area of the economy -- manufacturing.

That means we will need more rather than less education and
training in the future -- a fact that has implications for higher education in Michigan.

The first priority for Michigan's colleges and universities for the rest of this century is to contribute to the expansion of the economy and the creation of jobs. To those immersed in economic development, this statement may seem obvious, but to many involved in education and non-economic intellectual pursuits, it will stir controversy. There is more to life, after all, than profits and investment. With the exception of some fine centers for business education, democratized education in America has not concerned itself with -- and has at times even been somewhat hostile to -- business and corporations. Perhaps attempts to kill the golden egg-laying goose came from limited sectors, but many attempted to pluck its feathers.

Recently these attitudes have begun to change. There are still socialistic and Marxist scholars and agitators, but more people involved in education, probably because of their recent experience, understand the need for a strong economy. They have seen the failures of the socialistic antidote to capitalistic ills, and want to find a way to a stronger economy more in keeping with the principles of free enterprise.

Intellectual educators may claim that they add to the richness of life, to the development of human understanding, to discoveries in science. That may be true, but when the well that waters all this activity begins to run dry, those bright minds had better apply themselves to finding new, improved sources of supply. In other words, the pursuit of knowledge and understanding in a complex modern world is dependent on a solid economic foundation. For many
years educators took for granted the source of their well-being. But the last few years have brought enlightenment to many. They recognize how dependent they are on successful business enterprise, and some are beginning to understand that successful business enterprise depends on their interest in and contribution to economic development through consultation, research, and teaching.

In this time of heightened interest in our economy, I suggest that there are three principles for higher education in Michigan: first, the principle of high quality; second, the principle of access; and third, the principle of relevance.

That we want high quality appears to be a "motherhood and apple pie" concept, but it isn't that simple. There are some problems.

The declining population of high school graduates creates greater competition among colleges for students. When the media focus on the size of enrollments and when funding for public institutions is based primarily on the same, there is often a lowering of admissions standards and grade inflation to keep students on campus. These policies use resources in non-productive ways by bringing people in who are not ready for college and keeping students who, when finished, will contribute little.

Our society and economy will best be served when institutions insist on high standards and people understand what skills and motivation they need in order to have access to higher education and to the tax funds that support it at both public and private institutions.

Within academia and among the constituents of colleges and universities, there are differing views about what programs deserve
to be supported at all. What appears to some to be featherbedding, to others is essential for high quality. The word "downsizing," one of those unfortunate mutations of the English language, is used these days in Michigan. To some it means "Take away from them and give to me." To others it means "We will all become smaller whether or not it is necessary." As far as I am concerned, in state higher education at least, we have been downsizing for over a decade. Michigan now ranks 50th in the percent of appropriations increase to its state institutions during the past ten years.

Institutions have been forced to cut out unnecessary programs and personnel during these hard times. Survival is a great motivator, and in that respect many, if not most, of Michigan's colleges have made choices that have increased productivity and emphasized those curricular tracks and research projects that lead to jobs. Why? Because students, parents, and citizens want this, and there is no legitimate, ultimate intellectual reason to resist.

Access to educational opportunities has become more important and will continue to increase in importance because the economy of the future will require more education. Long gone is the day when undergraduate programs were filled by 18-to-22-year-olds. My college, for instance, is really two institutions. One is composed of the traditional college-age student who lives in a dormitory, participates in musical and drama groups, or plays on varsity sports teams; the other is composed of working women and men in their late twenties, thirties, or forties who seek new careers or a chance to advance in their present ones. These are not mutually exclusive groups. Often they come together in some classroom or seminar, which is proving to be a stimulating experience. (The average age at Grand Valley
is now twenty-seven.)

When we look at the distribution of Michigan's senior and junior colleges, we realize that the geographic pattern is really quite good for access. A central planner who could wipe the slate clean might make some changes, but that is always the problem with planners -- they tend not to accept realities. The fact is that Michigan's higher educational institutions are geographically quite well placed to play a role in the diversification and building of our economy. Large numbers of people cannot uproot themselves for an extended period of time and leave their jobs or families to seek the advanced education they require to be more productive in society. For the good of us all the avenues to improvement must be located in every population center.

It has been argued that we must keep our internationally known centers of research strong. Of course we must. It is equally important that we keep our liberal arts and professional programs strong and accessible to everyone. There is no either-or, only a both-and. Those resources that we can assign to higher education should be balanced to do the best possible job to provide access and research.

A study of the curriculum of higher education over the past two hundred years reveals the growing complexity of life in a period of developing technology. Institutions have adapted to the job market in addition to being centers of research and a place where the values of society are examined, challenged, and perpetuated. For most of our history the professions filled by those with a bachelor's degree or more constituted a small percentage. Now more
jobs require the skills and attitudes gained through higher education. Medical education has always had to be relevant to the curing of disease. Theological education had to speak to the values and religious structure of the society. Relevance is nothing new to professional education. The difference today is that so many more jobs require professional education that there is a need for many more relevancies.

More often than not the curriculum of the college and university is the province of the faculty. They decide what is needed and provide what they think is best. This system has served us quite well in the past, but times are changing. As those who invent, produce products, and provide services recognize their needs for expertise and talent not available to them to the degree and quality they must have, they will seek it. The natural place to look for what they want is the educational system. They are looking. The crisis for higher education lies in the question, "Will they find there what they need?" If they do not, there will be a great waste in our society as education withers to an anachronistic state and the engines of production and service struggle to find what they need elsewhere.

In the long run, the basis for a stable economy will require a new level of partnership between higher education and the constituencies that correctly expect it to help them. The most important constituencies at present in Michigan are those that play a major role in creating jobs and producing wealth. In concluding these remarks, I want to suggest a few elements of this partnership that I believe to be essential.
1) The curriculum of all professional programs should be developed in conjunction with people practicing the profession. Committees or advisory groups to departments, schools, and programs within colleges and universities should abound, not for fund-raising, primarily, but to make sure that communication between the practitioner and the teacher-researcher is constant and reflected in the curriculum. Often, the research in industry is advanced beyond the knowledge of the teacher. The teacher needs the benefit of that knowledge to help prepare people for a future in the industry. For that reason more faculty members should take their sabbaticals working in the professional world. This holds true for the English professor as well as for the professor in the business school. The chairman of our accounting department took his last sabbatical working in an accounting firm. In the two years since the students from his department have scored highest as a group on the CPA exams in Michigan. I am not so naive as to make a direct correlation, but I point out that that kind of commitment of time on his part is a reflection of the direction and attitude of the department that leads to success for the professors, the students, and the firms that hire the students.

2) Colleges and universities should establish, as associated entities, Centers for Economic Expansion and Job Development. These centers should draw together as associates people within their institutions and outside who have the qualifications to assist the development of new businesses and regeneration of old. With 80% of the jobs provided by small businesses and 50% of the old jobs disappearing every five years, there is a
need to improve the organization and visibility of the expertise and talent in a region -- the expertise and talent that can assist a business person with good ideas and limited resources, that can help an entrepreneur create new business, that can assist local organizations in attracting business, and that can identify for potential newcomers and help leaders determine the kind of business that has the best chance of succeeding in the region.

If there is more than one college or university in a region, they can cooperate in establishing the center, just as they are beginning to combine academic programs. Ferris State and Grand Valley State are doing this in engineering science and manufacturing technology so that they can offer industries in west Michigan what they need in those fields. In addition to research and consulting, the centers can design in-house programs as well as the traditional conferences and workshops that are now offered.

When we began to design our center, we found many economic development groups sponsored by local government units and Chambers of Commerce. Most of them are only planning groups, or they represent special interests, and their work is more or less effective. Obviously there is a need to have visibility for a center than can do more than plan; we need a center that can provide services. One request we had was for a long-range program that would bring labor and management together in a particular area where that relationship has been deteriorating over a long period. Here is an opportunity for a neutral force
to move in with experts in labor, management, human relations, and economics to do something about long-standing attitudes harmful to economic development.

3)2 Separate from the colleges and universities, but closely associated with their Centers for Economic Expansion and Job Development, a venture capital corporation should be established for the primary purpose of investing in the region's entrepreneurial enterprises. I advocate that the college risk a small percentage of its endowment in such a venture. Here the partnership comes into full bloom, with investment capital coming from private sources, state funds, and the college, and all leveraged to secure federal dollars. I urge Foundations in Michigan to consider participating in the initiation of both the Centers for Economic Expansion and Job Development and in the venture corporations. Both, I expect, can become self-supporting after two or three years of operation, but funds will be needed at the beginning. The foundations might also be willing to contribute to the initial investment funds of the venture capital corporation, a worthy risk to take on the economic growth of our state. The combination of available investment funds and a center to assist the entrepreneur who receives some of those funds adds to the chance of success in what is always risky business -- economic diversification and expansion.

My suggestions are made as a result of my current involvement. There are so many other ways to build the partnership, but there must be an expanded partnership with business, education, labor and govern-
ment, a partnership that foundations can encourage and help to expand. Positive attitudes about this beautiful, industrious state are essential. Those attitudes feed the will to act. Intelligent action and sensible risk will lead us to better days ahead.