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THEME: The Knowledge Economy

Michigan's Place in the Knowledge Economy

Olatunbosun Williams

In Spring 2000, Robert Sawyer, Chicago Regional Director of the U. S. Department of Commerce, Economic Development Administration, used this space in *Community News and Views* to consider the challenge that the digital divide presents for economic development. In discussing the impact of new technologies on people in a rapidly transforming economic environment, Sawyer noted that "one group has computers and high-tech skills and the other group has few computers and low-tech skills." During the intervening years this reality has become even more evident, and it is apparent that whole communities, as well as individuals and families, are at risk of being left behind by the new economy.

The challenges presented by the economic transformation are of acute interest to economic development planners and practitioners. Access to information and communications technologies (ICT) infrastructure, investment in ICT research, and the skills of the workforce in the areas of new technologies have become important benchmarks by which a community's prospects for prosperity may be measured. With the increasing contribution of high-tech industry to the national economy, some states are making significant contributions to the lifestyles of their citizens, while others lag behind. There are strong indications that States not involved in growing their ICT capabilities are likely to be increasingly disadvantaged in realizing their economic development potential.

The New Economy Index

A recent report by the Progressive Policy Institute (PPI) identifies twenty-six indicators of the "New Economy" and uses them to compare the fifty states

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Michigan's Rankings, PPI New Economy Index*

Indicator	Rank
Aggregated Knowledge Jobs	19
Information Technology Jobs	30
<i>Employment in IT occupations in non-IT industries as a share of total jobs</i>	
Managerial, Professional & Tech Jobs	23
<i>Managers, professionals, and technicians as a share of the total workforce</i>	
Workforce Education	23
<i>A weighted measure of the educational attainment of the workforce</i>	
Education Level of the Manufacturing Workforce	7
<i>A weighted measure of the educational attainment of the manufacturing workforce</i>	
Aggregated Globalization Score	8
Export Focus Of Manufacturing	11
<i>Manufacturing export sales per manufacturing worker</i>	
Foreign Direct Investment	14
<i>The percentage of each state's workforce employed by foreign companies</i>	
Aggregated Economic Dynamism Scores	40
"Gazelle" Jobs	35
<i>Jobs in gazelle companies (companies with annual sales revenue that has grown 20 percent or more for four straight years) as a share of total employment</i>	
Job Churning	36
<i>The total number of new start-ups and business failures as a share of all establishments</i>	
Initial Public Offerings	32
<i>A weighted measure of the value and number of initial public stock offerings of companies as a share of Gross State Product (GSP)</i>	
Aggregated Digital Economy Scores	23
Online Population	25
<i>The percentage of adults with Internet access in each state</i>	
Commercial Internet Domain Names	29
<i>The number of commercial Internet domain names (".com") per firm</i>	
Technology in Schools	36
<i>A weighted measure of five factors measuring computer and internet use in schools</i>	
Digital Government	1
<i>A measure of the utilization of digital technologies in state governments</i>	
Online Agriculture	26
<i>A measure of the percentage of farmers with Internet access and who use computers for business</i>	
Online Manufacturers	14
<i>The percentage of manufacturing establishments with Internet access</i>	
Broadband Telecommunications	23
<i>A measure of the use and deployment of broadband telecommunications infrastructure</i>	
Aggregated Innovation Capacity	24
High-Tech Jobs	36
<i>Jobs in electronics manufacturing, software and computer-related services, telecommunications, and biomedical as a share of total employment</i>	
Scientists and Engineers	29
<i>Civilian scientists and engineers as a percentage of the workforce</i>	
Patents	20
<i>The number of patents issued to companies or individuals per 1,000 workers</i>	
Industry Investment in R&D	10
<i>Industry investment in research and development as a percentage of GSP</i>	
Venture Capital	34
<i>Venture capital invested as a percentage of GSP</i>	
Overall	23

* Michigan's ranking among the 50 States (1 being highest). The full PPI report is available online at www.neweconomyindex.org.

on their participation in the new economy. In PPI's 2002 index, Michigan ranks 23rd overall (*see chart on page one*).

The New Economy Index is clearly a useful tool for reflecting upon the relative recent fortunes of different states and regions. An important question for planners is the extent to which these indicators can also act as a guide for making local community development planning decisions. As is evident from the categories included in the Index, thriving in the New Economy requires attention to a variety of factors, from globalization to patent generation. The remainder of this article reviews Michigan's relative rankings in the New Economy indicators, and suggests areas of emphasis for future planning and investment.

National comparisons

As shown in the summary chart of Michigan's rankings in the New Economy Index for 2002, the State ranked 23rd of the fifty States. Compared with other States, Michigan's overall rank improved considerably from the first Index in 1999, when it was 34th (although PPI cautions that changes in methodology between the two reports means that this change does not necessarily reflect change in economic conditions within a State). Michigan's score for globalization – representing foreign direct investment and manufacturing export sales – was eighth among the 50 states; in “digital government,” the State ranked first in the nation. In most of the categories, however, Michigan falls in the “middle of the pack”: Michigan's rank is between 19th and 24th in three of the five aggregated scores, and between 20th and 35th in more than half of the individual indicators.

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“KNOWLEDGE ECONOMY” RESOURCES ON-LINE

Communities Online (UK)
[http://www.co-democracy.org/
tenpoints.htm](http://www.co-democracy.org/tenpoints.htm)

Computer Systems Policy
Project Readiness Guide
www.cspp.org/projects/readiness/

Cyber-State
www.cyber-state.org

Digital Communities 2003
Conference
www.digitalcommunities2003.org

Digital Economy 2000 Report
[www.esa.doc.gov/508/esa/
DIGITALECONOMY2002.htm](http://www.esa.doc.gov/508/esa/DIGITALECONOMY2002.htm).

Enterprise Development
Website on Knowledge
Economy
www.enterweb.org/know.htm

The Information Economy
[sims.berkeley.edu/resources/
infoecon/index.html](http://sims.berkeley.edu/resources/infoecon/index.html)

Michigan Economic
Development Corporation
www.medc.michigan.org

Progressive Policy Institute
New Economy Index
www.neweconomyindex.org

Smart Michigan
www.smartmichigan.org

The complete New Economy Index may be obtained from the Progressive Policy Institute, online at <http://www.ppi.org>.

Comparisons to Great Lakes States

In addition to national rankings, it is important to understand how Michigan compares to its neighboring states. Although it is true that features of the knowledge economy make economic competition more global in scale, many economic development strategies remain identified with competition within the region. In practical terms, for example, those engaged in workforce recruitment and retention efforts are often most concerned about Michigan's attraction in comparison to neighboring states.

Of the six Great Lakes States, Michigan at 23rd ranks third in the New Economy Index overall rankings, behind Minnesota and Illinois (*see map below*), and ahead of Ohio, Indiana, and Wisconsin. Michigan scored best in the region in several categories: digital government, manufacturing workforce education, industry R&D investment, and export focus of manufacturing (also in job churning, but with a rank of 36, which suggests the entire region faces similar conditions in this category). In high-technology jobs and technology in schools, Michigan ranked lowest in the region.

**Overall Rankings of Great Lakes States
New Economy Index 2002**



Three imperatives

Scholars of economic development have suggested that several issues are critical for any region seeking to be competitive in the knowledge economy environment. These might be summed up

as three imperatives: prepare a highly skilled workforce, provide infrastructure for emerging technologies, and invest in cutting-edge research and development.

It is imperative that Michigan pay particular attention to workforce development, technology infrastructure, and research and development if the State is to succeed in the new knowledge economy.

Workforce development

Scholars and planners agree that one necessary ingredient for competing in the information age is a well prepared workforce. Jobs created in the knowledge economy require greater levels of education and skill than new jobs a generation ago. Increasingly, a college education is the basic training for a decent job in the new economy.

Workforce development can be measured in various ways. In the New Economy Index, the four indicators in the Knowledge Jobs category represent workforce development; Michigan ranks 20th in this category. As noted previously, Michigan scores well in the individual indicator for level of education among the manufacturing workforce (7th in the nation), reflecting an automotive sector in which new technology requiring greater education has long been utilized to enhance productivity.

In the general workforce education indicator, however, Michigan ranks 23rd, suggesting room for improvement. Michigan ranks even lower (36th) in the Technology in Schools indicator, which suggests one area for continued attention as communities within the State work to improve their workforce development outcomes.

Infrastructure

To take full advantage of its skilled workforce, a state or metropolitan region must also have in place sufficient information technology infrastructure. Computer networking, high speed information transfer, and access to the latest technological

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advances are essential not only to achieve greater productivity today, but also to attract the business of tomorrow. Modem access using telephone lines has continued to prove inadequate for large firms whose nature of work and services require exchanging large amounts of data electronically. Future location choices of businesses and households, especially those involving knowledge workers, will increasingly depend on the availability of state-of-the-art networks that offer high-speed connections.

In to the 2002 Index, Michigan ranks first in to digital government, but is 23rd in the use and deployment of broadband technologies. The State has begun several initiatives to improve telecommunications infrastructure across the State. The Michigan Economic Development Corporation's (MEDC's) Smart Zones and Link Michigan programs seek to attract business investment and support communities build new infrastructure. The Michigan Legislature also established a Broadband Development Authority in 2002, intended to mobilize the financial capital needed to expand the reach of broadband technology across the State. The successful implementation of programs such as these may prove critical to Michigan's future.

Research and Development

The third investment that a state must not overlook in order to remain competitive is in research and development, particularly in innovative technologies. Such investment tends to pay off by positioning communities to create new opportunities and to take advantage of opportunities presented by technologies developed elsewhere.

In the 2002 New Economy Index Michigan ranks 10th in Industry Investment in R&D, best in the Great Lakes region. In terms of venture capital, however, which is considered crucial for start-up firms in high-risk sectors, the State ranks 34th (*see tables above*). If it is to effectively compete for the innovative new firms that drive the knowledge economy, Michigan must improve its ability to attract venture capital.

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**Great Lakes States Rankings,
Industry Research and
Development Investment**

Michigan	10
Minnesota	14
Illinois	16
Ohio	22
Wisconsin	25
Indiana	34

Source: PPI New Economy Index, 2002

**Great Lakes States Rankings,
Venture Capital**

Minnesota	16
Illinois	18
Ohio	31
Wisconsin	32
Michigan	34
Indiana	36

Source: PPI New Economy Index, 2002

Conclusion

As a state with many cultural and natural resource advantages, Michigan has the opportunity to be a highly successful knowledge economy state, provided that the necessary infrastructure is in place. Forecasters in economics and community economic development planning predict that dynamic communities will reap benefits in the new economy, and communities that can boast a high quality of life will benefit greatly. Factors like good roads, social and recreational amenities, superior schools, quality health care systems, and environmental quality will attract these knowledge workers. Other jobs will follow these workers, and communities that are prepared will reap the benefits.

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Justice and the New Economy

by Faron Supanich-Goldner

The knowledge economy is having profound impacts on our economic, social, and cultural realities. These effects have not all been positive. Many Americans are being left behind by rapid economic transformation, and the resulting gulf between prosperity and misery threatens to permanently separate economic ‘winners’ from ‘losers.’ A growing tension between several of our fundamental values puts in jeopardy the very ideals upon which our nation is founded.

The Promise and the Problem

The shift from an industrial to an information economy holds great promise for humanity. Through new technology and increased productivity, some hope that people will at last be liberated from the undesirable, ‘sweat of the brow’ work that is so often required to satisfy material needs. We might, if we utilize technological advances wisely, manage to provide a livelihood for all, without backbreaking labor.

For many people, this dream is nearly a reality. Workers with highly sought-after skills secure meaningful and satisfying employment providing a higher standard of living than has ever been seen before on our planet.

Yet for some, poverty remains the standard. The growing aggregate wealth created by gains in productivity is not evenly distributed. Of course there have always been – and doubtless always will be – rich and poor. But the distance between rich and poor in the United States is disturbing, and is growing. The most educated workers command greater and greater salaries, while the least skilled are left further behind.

Even many of those higher up the economic ladder struggle to maintain satisfactory balance in the new economy. Skilled workers often obtain very high material standards of living at the expense of enriching personal, family, and community lives. This affects not only their private happiness, but has cascading negative consequences on the non-economic spheres of public life in which they fail to fully participate.

The Conflict

We in America have never fully realized in practice the great ideals that this nation is founded upon. Now, the American dream is threatened yet again. The U. S. Constitution, in defining the purpose of government, points to several fundamental values this nation stands for: common defense, domestic tranquility, justice, liberty, and ‘the general welfare.’ Constitutional scholars may disagree about what each of these terms meant to the founders, but most Americans today will continue to embrace these general concepts. The problem is that in practice, our liberty – in the form of unchecked individualism – may be threatening our domestic tranquility.

The information economy will not necessarily improve our society.... Justice requires that we eradicate desperate poverty before we tolerate indecent luxury.

Justice is a learned idea, and as such is not absolute. Our experiences form our ideas, and the more separated the economic winners and losers become, the less we will agree on what is justice and how to achieve it in our economic system.

Unless we find some way to restrain the forces of hyper-competitive corporate capitalism that both commands our economy and pervades our cultural, political, and personal lives, we will continue to live in unbalanced times. Our real challenge as an economically divided nation is to create and maintain a shared understanding of the fundamental ideals necessary for creating a truly just economic policy.

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Location Theory in the Knowledge Economy

Lindsay Joslin and Deanna Rivers Rozdilsky

There was a time when we could predict the financial success of a region based on a spatial geographic formula. That is, depending upon waterways and fertile soil, railroad lines or highways, infrastructure and building stock, we could determine the readiness or capacity of a location to accrue wealth and attract burgeoning firms and clusters of populations. With the dawn of the Information Age, however, some say that this formula has been turned on its head. Today, there is a new sort of gold rush, so to speak, but in pursuit of a more intangible type of gold: *knowledge*. And knowledge is mined from people, which makes things more complicated.

The geographic calculations upon which location theory is based were used in planning entire regions. Location theory could help explain the rise of Egypt and the fall of Rome to the rise of automotive Detroit and development of its bedroom community suburbs like Dearborn and Livonia. In the history of the United States, we have turned from frontiers to plantations, from farms to cities, from fields to factories. And, when the highways were built, we turned from cities to suburbs, brownfields to greenfields, and manufacturing to service. Now, we are witnessing the recalibration of the manufacturing and service industries. We have a new superhighway and it is not made for cars, it is made for ideas, communication, and data transfer. Information is moving through fiber optic and phone lines like parcels on the back of a truck driving at blinding speed. By now, we've all heard the hype. Everything is changing. Reality is virtual. The concept of space itself is changing. E-commerce and globalization are rewiring the world. Our economy is now the "knowledge economy." But what does this mean for the economic development of communities?

New factors in location selection

What is not considered in the calculus of classical location theory is the knowledge contained within a labor force. In classical location theory, resources fixed in a place drew industry and a more mobile, liquid labor force, be it skilled or unskilled. Today,

we may be seeing just the opposite taking place. Innovative people are helping to create liquid industries that follow *them*. Indeed, it is a particular sort of knowledge, possessed by educated or very creative people, that has given wings to a new type of worker – with companies, chambers of commerce and community planners scrambling to compete for them. Where these very educated people decide to settle may foretell tomorrow's thriving economic regions.

Dr. Kenneth Corey is a Professor of Geography and Urban & Regional Planning and Senior Research Advisor to the Vice President for Research and Graduate Studies at Michigan State University. He is also a leading member of a team of researchers exploring these issues in depth at MSU's Center for Urban Affairs, Community and Economic Development Program. According to Dr. Corey, we are in an era where, "non-tangible things are increasingly important, such as ideas and intellectual products and services. These things are hard to measure and see. As we change our economic theories, location theory changes."

Dr. Corey emphasizes that location has always been an important characteristic of the success of a certain place. When we think of successful cities and regions, we understand that there is a certain something about them unlike anywhere else. They have a historical context. When we think of the information and communication technologies (ICT) industries, we tend to think of the phenomena of locales like Seattle, Portland, and Silicon Valley, in the same ways that "Wall Street" evokes the financial industry or Hollywood embodies the entertainment business. Naturally, industries tend to cluster due to characteristics of place, and professions and services have clustered around certain industries. For example, access and convenience are a major aspect of location. While transportation arteries, docks, harbors and stockyards are important to many industries, service industries have tended to seek the convenience of proximity.

Innovation and ‘tacit knowledge’

Corey clarifies that this depends upon the nature of information. He differentiates between *codified* (easily transmitted in written form) and *tacit* (more difficult to write down, best communicated verbally, face-to-face) information. Some information transfer that is more tacit will always require proximity, due to the nature of the creative process (as in advertising), the sensitivity of privacy issues (e.g., legal services), or the sharing of experimental or ideas among scientists and the transformation of these innovations into new products or services. This is referred to as the concept of *knowledge spillover*. According to Corey, tacit information (or knowledge) activities need to cluster or be spatially concentrated; codified information can be transmitted over distances and therefore economic activities that rely on codified information can be more dispersed.

How we work with information is changing how we conceptualize space and geography. In many ways we are more liberated and enjoy more mobility. However, Corey points out that while basic information may be easily transported, what he calls “nuanced information” may not be communicated well via e-mail. Corey emphasizes that, in the industry life cycle, the creative process – the formative stage of innovation – is what may be most concentrated or grounded and therefore requires spatial proximity, while the later stages of production and service are much more routinized and therefore able to be mobile and dispersed spatially.

The value of diversity

Many indices have been established to rate metropolitan areas on their ability to attract technology businesses. What has emerged is that quality of life issues appear closely related to knowledge based economic development. Cultural attractions such as museums, concert and theatrical venues, universities and colleges, restaurants and shopping all have taken on a new role in the contemporary location decision-making processes.

In a June 2001 Brookings Institution report entitled, *Technology and Tolerance: The Importance of Diversity to High-Tech Growth*, Richard

Florida and Gary Gates found that successful high-tech areas are also metropolitan areas of high tolerance and diversity. The capacity for an area to attract a cadre of technically skilled employees is crucial. According to this report, highly skilled professionals, “have a critical influence on location because they are scarce, highly mobile between firms, and are inclined to put a high value on quality of life factors.”

We are in an era when non-tangible things are increasingly important As we change our economic theories, location theory changes. - Ken Corey

The talent force of the knowledge economy is attracted to places that nurture who they are and that provide the things that inspire them. Certain places can be understood as a sort of sanctuary for the left of center, those who may have always colored outside of the lines and can actually be paid to “think outside of the box.” So it is not surprising that some of the reported indicators from research point to places that welcome or accommodate a diverse set of lifestyles. Researchers find that correlated with high-tech success is a significant gay population, a concentration of “bohemians” (artists, writers, musicians, and actors), and a large foreign-born population.

Florida and Gates clarify these demographics. “Our theory is that a connection exists between a metropolitan area’s level of tolerance for a range of people, ethnic and social diversity, and success in attracting talented people, including high-technology workers...these places possess what we refer to as low barriers to entry for human capital. Diverse, inclusive communities that welcome gays, immigrants, artists, and free-thinking ‘bohemians’ are ideal for nurturing *creativity and innovation*, both keys to success in the new economy.”

Other factors

In addition to diverse cities hosting the surviving dot-coms and ICT industries, locations with universi-

ties and hospitals are natural clusters for research and development. Amenities like airports and entertainment, bike trails, parks, and general aesthetics support havens for innovation and draw creative intellectuals. For this reason, knowledge industries focus on the demands of their workers to remain competitive, with many high-tech firms aware that quality of life issues for both single people and families are important indicators for “choice” places to live and work.

In his new book, *The Rise of the Creative Class*, Richard Florida argues that successful cities in the new economy need to have an abundance of “creative individuals” to flourish. These individuals make up two groups: the *super creative core* (those in science, engineering, arts, education, music, and entertainment), whose function is to create new ideas, technology, and content; and the *creative professionals* (business, finance, law, healthcare, and related fields), whose functions are to solve problems that involve personal judgment and high levels of education.

Florida asserts that public officials and developers focus too closely on creating a business climate, and instead should focus on creating a “great people climate,” because innovative people are drawn to culture-rich environments. Florida also acknowledges the importance of education by understanding the area around a university as a *life-style district*.

“Cities would be far better served by investing in their universities than in downtown buildings or stadium projects,” says Florida. “You’re never going to create the leadership powerhouse without great universities.” Universities that bring together researchers and analysts to discuss innovation often achieve the clustering that is critical for exchanges of ideas and thought.

Dr. Corey adds that there are pre-existing sets of advantages overlaying the capacity of a particular location to grow a Knowledge Economy. These advantages enhance the competitiveness of certain types of economies. Locations may be best served by focusing on their unique competitive advantages and maximizing them in a realistic fashion. What may work in Seattle or Silicon Valley may not necessarily be effective in Michigan. “You really need to know your local assets and your strengths. That can provide your competitive advantage,” says Corey.

Implications for planning and policy in Michigan

Different firms have different needs. Planning basics such as zoning and electrical and ICT infrastructure can be telling for a biotech research facility whose instruments must not be interrupted by a rolling blackout, or for a medical facility that needs to have proper zoning for an incinerator to burn medical waste. In that sense, changing conditions in some communities may have firms scouting for new locations. In this sense, says Corey, the State has to set the framework.

Richard Florida asserts that public officials and developers focus too closely on creating a business climate, and instead should focus on creating a “great people climate.”

“States are important for economic development particularly in a high-tech era. An example is former Governor John Engler’s *Broadband Initiative* in Michigan. Some states provide a whole range of incentives that can be attractive to businesses and others do a poorer job. It is really that whole system of economic development that differentiates one state from another.”

The consideration of geography will always remain important in considering the shape or patterns of economic success. While classical Location Theory focused on transportation cost and manufacturing input costs, the Information-Age inspired “Knowledge Economy” requires a finer-tuned Location Theory calculus to describe spatial patterning of new economics. While manufacturing and service-related industries are still with us, the cost of putting products to market will remain an important element in the decision making process of firms. What remains to be explained by a new location equation is how important these things will be. How will companies reshape the way they do business?

What is clear is that new considerations are included now when firms decide where to locate or regions seek to identify appropriate strategies for economic development. Location strategies need to

emphasize not only transportation and costs, but also the strength of available human capital, regional labor relations, local and state regulatory and innovation-support contexts, and the amenities provided by the area under consideration. In places like Seattle (which consistently ranks high in these indices), says Corey, local economies have large anchor businesses that sustain the business climate, i.e., Microsoft and Boeing. Creating the “people climate” that Florida describes in his book is important, but should not overshadow the significance of having strong innovation and production anchors to support many smaller firms that contribute to a strong local economy.

Creating attractions for highly skilled and solid companies may not be simple but is critical for the success in the Knowledge Economy. As the new economy evolves, so too will theories about economic development. The jury is still out on exactly which factors in which contexts influence location decisions most, but it is clear that the theory that guided actions in the past cannot be universally applied to today’s changing economy. And as Location Theory evolves, says Corey, there has yet to be a single, widely accepted and strongly supported theory to emerge.

Conclusion

So what is the “Knowledge Economy”? The growing consensus is that more than ever before, knowledge creation drives the direction of our economy. The knowledge economy is based on innovating, sharing and applying fresh ideas to create wealth. In other words, innovation drives the manufacturing and service industries in creating new markets and extending existing ones.

But is this really anything new? Haven’t innovators and innovations always transformed the economy? How is the innovation of a computer any different from Henry Ford’s Model T or Robert Fulton’s steamboat? Hasn’t our economy, and for that matter, society always changed due to innovation? Is history just repeating itself, and are we just gilding the lily? In the broadest sense this argument can be made. But one thing is for sure. A steamboat is not a car, and a car is not a computer. These are different technologies producing major social changes in very different ways. We respond to technological invention

and it responds to us. While technology shapes our world by initiating new ways of living, the needs of the world drive the outcome of technological innovation.

Additionally, knowledge and information exchange, unlike other land-locked goods, is more unbridled than ever before. Therefore, Ford Motor Company now can outsource its payroll processing to India and telemedicine can reach beyond any building or medical facility. Bits and bytes are overcoming borders and language barriers. Maybe in the future we will figure out a way to digitize physical objects and teleport whatever we wish. Until then, knowledge products and services, unlike other economic goods, have the right vehicle

Unlike any other time in history, the major good of exchange in today’s market is increasingly less tangible and launched more from the curious mind than from the work force or physical resources. The more abstract production of today involves the production of knowledge, the invisible “stuff” that creates hardware and software, pharmaceutical wonders and scientific breakthroughs. The workforce leading at the outset of a new millenium is the “knowledge force,” a dynamic sector of creative people shaping the economy in ways not seen previous to our times. From the innovation of concepts to new products changing society to breakthroughs that support further innovation, this chain of economic activity is what is understood as the “knowledge economy.”

How this informs economic development activities in communities is at the heart of economic development matters, especially distressed communities and distressed populations. The key question is, what will the knowledge economy mean for them? Unless traditionally disadvantaged communities are able to develop new locational advantages for the new economy, they will continue to be left behind.

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Since its establishment in 1998, Cyber-state.org has emerged as a leader in advancing understanding and action about information and communications technologies (ICT) in Michigan. Based in Ann Arbor, this cross-sector, nonpartisan statewide organization advocates for “Information Technology to benefit everyone in Michigan” by conducting research and education, issuing reports, and convening working groups to address key issues. Below are brief summaries of two of Cyber-state.org’s recent reports.

To access the complete reports, or to get involved with the organization, visit cyber-state.org online.

Information Technology in Michigan: Home and Business Use

In Fall 2002 Cyber-state.org commissioned a survey of Michigan residents and businesses to explore the role that information technology plays in their lives. This survey is the fourth in the cyber-state.org series; previous surveys were conducted in 2001, 2000, and 1998.

The survey found that 66 percent of Michigan residents have a computer at home, up 11 percent from the 2001 survey. Computer ownership remains heavily influenced by age, income, and educational attainment. Two-thirds of Michigan residents have accessed the Internet at least once.

For the first time in four surveys, a majority of respondents are very concerned that personal information given to a computer-based service will not be kept confidential.

The majority of business respondents both have computers on site (94 percent) and have access to the Internet on site (91 percent). For most businesses, Internet access is delivered via a highspeed connection (50 percent), as opposed to a modem (30 percent). For business leaders, the three most favored online activities were accessing property tax and assessments, applying for permits and licenses, and filing complaints.

“Michigan has a rich set of building blocks that can help ensure its leadership in the information age.”

— *Katherine Willis, CEO,
Cyber-state.org*

Exploiting Broadband: Michigan High-Speed Internet Applications For the Public

With its passage of the Michigan High-speed Internet Plan in March 2002, the Michigan Legislature established important mechanisms for the rollout of broadband to every community. Supportive of this state-wide infrastructure, Cyber-state.org sought like-minded partners with whom to collaborate in initiating a series of high-speed Internet forums that would result in

the recommendation of specific applications with the greatest likelihood to benefit the most people and/or to contribute to Michigan's economic development.

The Altarum Institute, the Michigan Virtual University and the Michigan Public Health Institute joined with Cyber-state in hosting the Michigan High-speed Internet Application Forum during the spring and summer 2002.

Sixty people participated in four meetings focused on defining broadband applications to serve Michigan’s public and provide an economic advantage. After generating a list of over 500 ideas, the participants recommended specific application areas as best fits for achieving the forum’s focus, and made six recommendations for the State of Michigan to best take advantage of the opportunity emerging in high-speed Internet services and products. These recommendations are found in the full report of the Forum, at www.cyber-state.org.

Great Lakes States' Initiatives in Technology-Based Economic Development

Below is a sampling of some recent economic development initiatives within the Great Lakes region focused on harnessing high-technology development.

Illinois

Illinois recently introduced VentureTECH, a five-year, \$1.9 billion strategy for investing state resources in education and advanced research and development, health sciences and biotechnology, and information technology programs. The intention of VentureTECH is to strengthen partnerships with private industry and the federal government in the new economy; the state expects the initiative to result in nearly \$3.9 billion in tech-related infrastructure improvements to Illinois.

<http://www.state.il.us/tech/venturetech/intro.html>

Indiana

The Indiana Department of Commerce E-Commerce Division is initiating a pilot grant program called the Technology Enhancement Certification for Hoosiers Fund, or simply the "TECH Fund." This program provides reimbursement grants to help Indiana companies meet the demands of the new information economy by rapidly increasing the number of certified information technology workers. The fund helps with the costs associated with training IT workers in areas such as software development, system networking, engineering, and other e-business applications.

<http://www.in.gov/doc/techgrant>

Michigan

The Michigan Economic Development Corporation (MEDC) implements a set of technology-related economic development initiatives. MEDC coordinates investment in the Life Sciences Corridor, a projected one billion dollar initiative funded over twenty years using tobacco settlement money. The MEDC also administers a "SmartZone" program to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses focused on commercializing ideas, patents, and other opportunities surrounding research efforts.

<http://medc.michigan.org>

Minnesota

Medical Alley is a nonprofit health industry trade association in Minnesota is intended to make the state a prime location for medical diagnostics and device manufactures. Minnesota is home to more than 40 biopharmaceutical, diagnostic, drug delivery and tissue engineering companies, and Medical Alley is comprised of over 250 member organizations. Medical Alley seeks to promote interest and investment in Minnesota as a major center of health care achievement, research and innovation, focus on legislative issues, and provide members with educational opportunities.

<http://www.medicalalley.org>

Ohio

The Ohio Department of Development uses its Connect Ohio website to promote the State as an attractive location for high-tech business development. The website provides links to business resources, news releases, and other promotional materials. As a part of Connect Ohio, the Department has developed an "e-corridor" as a marketing concept for high-tech development.

<http://www.connectohio.com>

Wisconsin

Wisconsin has designated technology zones to promote the development and expansion of high-technology businesses across Wisconsin. Technology Zones stimulate growth by allowing eligible businesses located within the zones to apply Wisconsin income tax credits against income tax due, thus freeing up capital to develop new commercial applications. This program, the first to be implemented under Governor McCallum's Build Wisconsin initiative, is designed to spur the development of technology-based clusters and to promote economic development that crosses regional boundaries.

<http://www.buildwi.org/buildwisconsin>

MOSES, A Faith-Based Organization

Bette Downs

When MOSES (Metropolitan Organizing Strategy Enabling Strength) began planning a recent meeting, the faith-based organization of 130 Detroit area churches and temples set an attendance goal of 5,000. Preparation began last May and, when the meeting occurred on September 29, MOSES demonstrated its strength with an audience well above the targeted number.

The overflow crowd at the huge Greater Grace Temple in suburban Detroit included government officials along with hundreds of parishioners and friends. Candidate for Governor Jennifer Granholm, Michigan Senators Carl Levin and Debbie Stabenow, and U.S. Representatives John Dingell, John Conyers, and Carolyn Kilpatrick responded to questions developed by a MOSES task force. Based on MOSES' agenda covering urban and suburban problems, the questions reflected the September meeting theme, "5,000 people standing together for better government and a better region."

MOSES, formed in 1997, emphasizes a boundary-free approach to problem-solving with attention directed to Detroit and its near suburbs. MOSES members represent diverse ethnic, racial, and religious backgrounds and are recruited through their congregations. Rev. Stan Ulman, pastor of St. Ladislaus Church in Hamtramck, expressed the MOSES philosophy at a recent MOSES board and clergy meeting: "Our desire is to bring the city and suburbs together to work for the common good of the entire metropolitan area."

Questions raised at the September 29th meeting covered the MOSES long-range agenda: improve transportation, repair the infrastructure in Detroit and the city's near suburbs, increase funding for after-school programs, and provide equal opportunity for children of non-citizens. Rev. Kevin Turman, of Detroit's Second Baptist Church and Program Chairman for the September 29th meeting, emphasizes that MOSES will continue to act on its four-point agenda, will enlist widespread

community support, and will keep the metropolitan community informed of its progress.

From the mid-1930's until his death in 1972, Saul Alinsky, a vocal, often controversial community activist in Chicago, criticized government for its failure to tackle problems of discrimination and poverty. Since then, nation-wide, community organization has continued with varying degrees of success. Now MOSES, with an impressive success record, epitomizes Alinsky's vision of effective citizen action to achieve social justice.

MOSES leaders have referred to Southeast Michigan as the most racially segregated region in the country, and national studies have labeled metropolitan Detroit as the community with the worst transportation of any major region in the country. Members of MOSES are working on many fronts to reverse these designations. Believing that inability to get to work has reduced job opportunities for low-income people, MOSES leaders and others succeeded in passage by the Michigan House of Representatives of the Regional Transportation Authority bill, now awaiting action by the Senate [editor's note: this legislation was passed by the Senate but vetoed by Governor Engler on December 30, 2002].

Other successes include:

1. Creation of "safe zones" leading to crime and blight removal.
2. Construction of 60 homes in southwest Detroit.
3. Allocation of \$50,000,000 in State funds for public transportation.
4. Expansion of Spanish language services by Detroit and county law enforcement agencies.
5. Formation of New Faith, a partnership between local congregations and law enforcement agencies to eliminate blight.
6. Creation of a suburban coalition of mayors to work with the Michigan legislature and the governor on a program of infrastructure improvement in Detroit and its older suburbs.

MOSES Receives 2002 Community and Economic Development Award



*Reverend Joseph B. Barlow, Jr.
receives the 2002 Best Practice award
on behalf of MOSES.*

At its July 8 Summer Institute conference, the MSU Michigan Partnership for Economic Development Assistance (MP/EDA) named MOSES as the recipient of its 2002 Community and Economic Development Award for Best Practice. Each year, the MP/EDA presents awards for notable achievement in community and economic development, in two categories. Winners of the Best Scholarship award for 2002 were Susan Hoffman and Mark Cassell, for their recent research into the role of the Federal Home Loan Banks system.

MOSES, the Metropolitan Organizing Strategy Enabling Strength, based in Detroit, received the Best Practice award for its community organizing and policy advocacy efforts in Southeast Michigan. In particular, MOSES was cited for actively supporting improved public transit, encouraging economic renewal, combating urban sprawl, and promoting affordable housing. Reverend Joseph B. Barlow, Jr., President of MOSES, accepted the award on behalf of the organization.

See page 15 for information about nominating candidates for 2003 awards.

7. Allocation of \$2.8 million annual federal funding for multi-jurisdictional drug enforcement.

How does MOSES implement its programs? The organization's January 2002 annual report states, "Our tools are leadership training, strategizing, public meetings, [direct] actions, and relationship building." MOSES' emphasis on regional decision-making has created a climate of cooperation across boundaries, illustrated most notably by passage of the Regional Transit Authority bill by the Michigan House of Representatives.

MOSES continues to work for "a world-class transit system" and, through its efforts, has gained the support of General Motors, Daimler-Chrysler, and the Ford Motor Company. According to the organization's annual report, "More than 300 members of MOSES congregations can be considered 'very active.'" A primary role of these leaders

is to "create a culture of relationship building through one-on-one [meetings] with members of their own congregations, with leaders of other congregations, and with significant civic leaders in the southeast Michigan region." In planning for its September 29th meeting, MOSES issued an organizing proposal which pointed out that "to gather 5,000 people, we will have to engage and excite the top leaders in all our congregations." MOSES has grown from roots in Detroit to include members from the suburbs and is working toward statewide organization. With the success of the September 29th meeting and with a commitment from governmental leaders for a meeting with MOSES leaders in the spring of 2003, there is reason for optimism about future growth and achievement.

Bette Downs lives in East Lansing and is a regular contributor to Community News and Views.

CEDP

CEDP Launches Smart Michigan Web Site

The Michigan State University, Center for Urban Affairs (MSU-CUA) recently launched a website to showcase its Smart Michigan initiative. Part of the MSU-CUA's Michigan Partnership for Economic Development Assistance project, Smart Michigan is intended to promote and support the expansion of economic development efforts in the State of Michigan through providing research, training, and technical assistance to economic development agencies and community-based organizations serving distressed communities. In particular, emphasis is directed to understanding and harnessing the opportunities of a knowledge and information based economy to best serve distressed communities.

The Smart Michigan website, www.smartmichigan.org, contains a series of reports on different aspects of the knowledge economy and its implications for Michigan and its distressed communities. It also contains links to additional national and international reports and resources related to the knowledge economy. The Smart Michigan website will also include a series of maps being produced by MSU's Knowledge Economy Research Group related to the spatial patterns of Michigan's new economy.

The Smart Michigan project team invites readers to visit the website and provide feedback and suggestions. In particular, Smart Michigan seeks examples of practical solutions or strategies for ensuring that economically distressed and underserved areas and populations can benefit from the knowledge economy.



<http://www.smartmichigan.org>

SAVE THE DATE!

The sixteenth Summer Institute will be held Thursday, June 26, at the Kellogg Center in East Lansing. The title of the 2003 Summer Institute is ***Fads, Facts, and Fantasies about Community and Economic Development in the Knowledge Economy.***

The annual Summer Institute, hosted by the Michigan Partnership for Economic Development Assistance, is a one-day conference on community and economic development intended to assist local planners and practitioners. The day-long event consists of morning and afternoon workshops, and morning and luncheon plenary sessions.

The 2003 event will feature a scheduled Key-note Address by Robert D. Atkinson. Dr. Atkinson is vice president of the Public Policy Institute and director of PPI's Technology and New Economy Project. He is author of the New Economy Index series which looks at the impact of the New Economy on the U.S., state, and metropolitan economies (*see cover article*).

Mark your calendar now, and plan to attend the 16th annual Summer Institute!

Summer Institute Sparks Mid-Michigan Sustainable Business Forum

Following a presentation at the Fifteenth Annual Summer Institute, a group of business leaders in Greater Lansing have begun meeting to establish a regional coalition for sustainable business. More than a dozen area business owners, inspired by Laury Hammel's luncheon keynote address, are modeling their effort after the Business Alliance for Local Living Economies (BALLE) described by Hammel at the July 2002 event.

The group intends to foster networking and education among business owners, and to educate the community about the value of supporting locally-owned businesses. The mid-Michigan coalition has been assisted in its formation by BALLE member Alan Barak of Philadelphia.

To learn more about the mid-Michigan sustainable business group, contact Julie Sawaya at Woody's Oasis Grill. For more information about BALLE, visit the Sustainable Connections website online at <http://www.sconnect.org>.

UPDATES

MSU's Michigan Partnership for Economic Development Assistance Seeks Nominations for 2003 Community and Economic Development Awards

The Michigan State University Center for Urban Affairs (CUA) invites nominations for its 2003 Community and Economic Development Award. This award is presented each year by the Michigan Partnership for Economic Development Assistance (MP/EDA), a project of the CUA's Community and Economic Development Program. Interested applicants are encouraged to submit a nomination. Members of the MP/EDA Statewide Advisory Committee and the MSU Community and Economic Development Program's Faculty Board of Advisors will review the nominations and select award recipients. The 2003 Award will be announced at the June 26th Summer Institute.

Since 1996, the Michigan Partnership for Economic Development Assistance (MP/EDA) has presented the Community and Economic Development award for notable achievement in community and economic development. The purpose of the award is to recognize excellence in action and scholarship in community and economic development in Michigan.

Eligible applicants include practitioners in community settings at any level, as well as students, faculty and research staffs of Michigan colleges, universities, and research institutes. Self-nomination is permitted.

Applicants are invited to submit entries in one of the following two categories:

- § **Academic Scholarship**, dealing with research that contributes to a new understanding of theory or practice in a given field of community or economic development; and
- § **Best Practice**, designed to recognize practitioners who are doing innovative and effective community development work in distressed areas.

For more information, or to obtain a nomination form, call (517) 353-9555 or visit www.msu.edu/unit/cua. The deadline for nominations for the 2003 award is May 1st.

CEDP Directory

Statewide and Lansing CEDP	(517) 353-9555
<i>1801 West Main St., Lansing, MI 48915</i>	
Rex L. LaMore, State Director	
John Melcher, Associate State Director and Lansing Director	
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SAVE THE DATE!
June 26th • Summer Institute • 2003
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