1991

UA3/9/2 Presentation of 1991 Rodes-Helm Lecture

Juliann Tenney

Follow this and additional works at: http://digitalcommons.wku.edu/dlsc_ua_records

Part of the Regional Economics Commons, Social Influence and Political Communication Commons, and the United States History Commons

Recommended Citation
http://digitalcommons.wku.edu/dlsc_ua_records/4383

This Transcription is brought to you for free and open access by TopSCHOLAR®. It has been accepted for inclusion in WKU Archives Records by an authorized administrator of TopSCHOLAR®. For more information, please contact topscholar@wku.edu.
First, I would like to say that I am honored to have been invited to present the Rodes-Helm Lecture for 1991. My hosts could not have been more gracious, and I assure you that I will leave well nourished – both spiritually and physically.

For weeks I have been contemplating what I might say to you all who have been so generous to give up your Wednesday evening for me. The seriousness of the challenge to address you brought to mind one of my favorite sayings from Mr. Jenkin Lloyd Jones who said

"A speech is a solemn responsibility. A bad 30-minute speech to 200 people wastes only a half hour of the speaker's time, but it wastes 100 hours of the audience's time – more than 4 days!"

The spirit with which I tackled this challenge, however was haunted by another caution, this from Sir George Jessel:

"The human brain is the most remarkable of organs; it starts working the moment you are born and never stops – until you stand up to speak in public!"

Our topic tonight is economic development in the South. And so I thought it might be appropriate to set the stage for you. I have chosen the following passage from the works of Dr. Frank A. Rose, a former president of both Transylvania College and the University of Alabama:

"This region is the only section of America that faces the sea on both sides. On the Atlantic, the South has a shore line of 1,099 miles. On the Gulf, there is a shoreline of 1,659 miles. This total coast line of 2,758 miles is four times that of the North, over twice that of the Pacific, and 600 miles longer than the North and Pacific combined.

Secondly, the South has one-third of the good farm land of the nation,.....

Of all the land with forty inches or more of rainfall in the country, two-thirds of it is in the South.

If we exclude the Great Lakes, the South has the greatest supply of fresh water in the nation.

In minerals, the South has forty-five percent of the oil, most of the sulphur, and enormous deposits of coal and iron...."
We have grown up as a region nurtured and supported by these, and many more natural resources. And our relationship with the land, the animals and each other crafted the way we are – and it was upon this foundation that we made our fortunes or met our peril. Along the way, however, our history has been altered by innovation – innovation in technology, and innovation in thinking. And it will be innovation which is the key to our flourishing in the future – Otherwise, I predict that we will be left to merely cope.

Those of you who watched the public television examination of the Civil War may remember that some historians think that had it not been for the invention of the cotton gin, slavery would have passed quietly out of existence – even with slave labor, the refining of cotton had become economically inefficient. Before the development of the gin it took one person all day to pull a pound of fiber from the mix of pods, seeds and straw. With the invention of the gin, however, one thousand pounds of marketable fiber could be produced. And by the time of the Civil War one American in seven was owned by another. Progress in a technological process led us to regression in our social structure. Could we have managed our future differently if we’d had a crystal ball? Maybe.

In 1893, Frances Willard took up the bicycle and women’s lives have never been the same since. The country was in the grip of a bicycling craze, and with the introduction of wheels of equal size and pneumatic tires, women could ride unassisted. Drawn from an article by Nina Burleigh from the Chicago Tribune:

In 1893 Willard’s health was poor, but she felt that mastering control of the bicycle would give her a sense of mastery over her own life. And indeed it did, as she served as president of the Evanston College for Women, now a part of Northwestern University, and helped lead the women’s suffrage movement, as well. The medical profession was divided on the health hazards cycling women faced. Some doctors warned that women could become infertile because of the “interior vibrations” caused by riding a bicycle. Certainly, for the first time, women’s exercise was brought before the public eye and required them to throw off the corsets they had worn for a century. Until the bicycle became popular in the early 1890’s, the only approved exercise was croquet or tennis – which of course, could be played with a chaperone present. And at a time when horses cost $14, the $150 one had to shell out for what had been considered a man’s toy, presented not an insignificant obstacle. The improvements which those early innovations rendered to a rather simple machine certainly have left their impact – and I think that you would agree, in a positive way. The bicycle just keeps getting better. Most now have nearly 1,000 parts; last year, I am happy to report, more of the bikes which were sold in this country were made here than overseas. In 1987 5,800,000 bicycles were produced in the U. S., while 7,100,000 cars were manufactured here. In China 41,000,000 bikes were produced as compared to 4,045 cars.
Until about twenty-five years ago economic development might have been a description, but it certainly was not a strategy, let alone an objective. The South grew and some areas prospered. Military bases were built on lowlands which had been mosquito infested. The construction effort included managing this pest which, when carrying its debilitating malaria bacteria, may have been responsible for the identification of the Southerner as shuffling and lazy.

Parts of the South came to be identified as destinations for tourists, as Henry Flagler and a succession of Vanderbilts extended their railroads and peppered the routes with resorts. But we were still a region coping with the present. We went to work in agriculture, fishing, mills, and mines. Simple arithmetic was about all we needed to figure our pay.

But World War II and the G. I. bill provided the first educational voucher system. Many southerners now had a choice, and they took it, and we lost some to other regions in search of opportunities not available here.

Agriculture began to innovate and mechanize and it took fewer people to produce the same amount of goods. It became important to our leadership to find work for the populations and we marketed our region with promises of inexpensive, cooperative labor, and inexpensive, unregulated, land.

For the most part, we were satisfied that this was all we needed to do. By the late nineteen-fifties, the United States was the most productive country in the world - the envy of all. Things were rolling along so swimmingly that economists of the time predicted that the nineteen-nineties would be remembered by future historians as the "Age of Leisure!" We began to be concerned about what we were going to do with all our free time amidst reports that it was only going to take fifteen percent of our population to produce all our goods and services. Would the idleness that our vacuum cleaners and dishwashers permitted lead us to temptation?

Much of our infrastructure was planned during this era. And it was planned for what we knew at that time. Households contained one worker among two adults and three or more children. The next time you are caught in a traffic jam - remember, most of you aren’t supposed to be there - you weren’t planned for! Even with the increase in usage related to normal birth rates, there are two to three times as many people using the infrastructure as we anticipated - no wonder it’s crumbling! Well, you can’t predict the future. Lily Tomlin once said "I used to say I wanted to be someone when I grew up - now I wish I’d been more specific!" Infrastructure planning is quite a tricky thing. We suffer in this society from what I will politely call an "Ediface Complex," and that is, things get built when they carry the name of someone prestigious or powerful. But no one’s name goes on the fund for maintenance or roof repair - and so suddenly we find ourselves in this country facing the most frightening statistics:
According to the General Accounting Office more than $50 billion is needed right now to repair or replace 240,000 bridges.

The Congressional Budget Office reports that $450 - $550 billion is needed over the next 16 years to maintain and rehabilitate our road system.

Public works spending as a percentage of Gross National Product has dropped from 2.3% in 1960 to 1.1% in 1985, and inflation adjusted federal assistance for transit decreased by 50% between 1980 and 1989.

A friend of mine who is a dean at a private school explained to me that one reason tuition seemed so high today is that it had to carry some of this burden of renovation - more than its share, in fact, because when I went to school the tuition structures ignored future needs.

Our physical infrastructure has suffered from neglect and for a time so did our production infrastructure. Sometimes we listen to our prophets and sometimes we do not. Almost fifty years ago a gentleman named Edwards Demming was urging our nation’s manufacturers to consider adopting innovative approaches to the production of goods. He envisioned a plant which could change gears quickly to respond to customer needs. He imagined that in order to do this, management style, also, would have change, and that workers themselves would have to perform quite differently than in the factory of Henry Ford’s day. Instead of doing one thing over and over for thirty years, Demming imagined that workers would participate in the decision making process of how to put goods together, and then, they too, would be responsible for quality, rather than an overseer, as had been the custom.

Mr. Demming was unsuccessful in his efforts here - but someone was listening – the Japanese, themselves hungry for innovation in their sagging post-war economy. And so, in the sixties we saw the first waves of a products invasion which still causes us to shudder. The marketing community waged a clever war and soon everyone "wished he had a Sony." The gas shortages of the early seventies sent Americans to their dealerships in search of smaller, efficient cars. But remember, we couldn’t predict the future, we didn’t know there were going to be gas shortages. So they turned to Toyatas and Datsuns, from a country who had learned to conserve energy decades before - mostly because they’d never had any extra to squander. And people discovered that these little vehicles were o. k. They were well finished, and they were low maintenance, and they continued to get better. We didn’t intend to like them, but we did, and slowly we got off of our high horses and started to borrow some of their innovative management techniques. We began to modernize, upgrade equipment. And then we really hit a surprise. We discovered that in many instances the workers were not prepared to meet the challenge presented by innovations bred abroad. We found out that many of us were functionally illiterate, as many as one in three. And of course it hadn’t mattered much when these folks grew up. Twenty-
five years ago over 40% of the jobs were available to people without high school diplomas. But American industry was becoming painfully aware of a new entrant into their vocabularies: competitiveness. It had never been an issue before and was therefore never addressed. Now competitiveness required modern, efficient means of production. And it required a workforce meeting the same description to run it. But never before had we asked this of the American, let alone the Southern, worker. In fact, we asked them not to think, not to question, and not to recommend change. And in some cases we penalized them if they did. And so, we had created a worker culture that was the opposite of what we needed to make it in a world market. And we were not the only ones. In the extreme is the Soviet Union, seeking to be trading partners with the rest of the West, but only eight percent of whose goods are acceptable to international standards.

No longer can we afford to send our workforce onto the field half dressed for competition. Their new armour must include skills in conceptualization, computerization and collaboration - what Dr. Ed Bishop calls the 3 C's. We must understand, ourselves, what it means to move from a labor intensive to an information intensive society. And we need to get on with it because we are speaking of a cultural change, and it will probably not take five or ten years, it will probably take a generation or more to fully adapt, and we have already lost two and a half decades.

If any constituency appreciates the cost of this squandering of our human resources it is business. Business knows you get what you pay for - and they spend approximately $210 billion on employee education and training. We must design strategies to build on the skills of the workforce - now - because most of those people who will be working at the turn of the century are already employed. The south continues to be separated from parity in this regard because until the last twenty-five years you could always sharecrop or work in a mill - you knew you could 'cause your parents did. But no more. And this message must begin to be taught early - in the primary grades. You know those kids know about economics. They know that if you're a good athlete you can get rich, and unfortunately, some also know that if you sell drugs you might be able to move out of the ghetto. So we need to be telling them, and showing them by example, that if you study and learn how to use that computer - and I don't mean a video game - that you can thrive, that you can be independent - that the American dream can be your reality. So how do we do this? Well, the successful among us must take and make the time to be involved in our school systems. Schools should adopt policies which encourage a closer relationship between the industries in a community and schools. Civic clubs can help too. The Rotary Club of which I am a member is full of scientists and they help out a local middle school with science related projects. These kids get to see how an early interest in nature and animals might lead to a profession, and believe me, many of the kids would not have this kind of exposure otherwise. What about in rural areas? One of the very positive things about the future is that it's not going to be so important "where" you are as it has been. Telecommunications has the ability NOW to
reach nearly everyone, everywhere. But it is a tool and tools are useless if they are not used. State policies come into play here and should encourage the use of such tools whenever possible. Those who fear that new technologies will replace people may worry. But those are the very people who need, indeed must, adopt the skills necessary to put the technology to work FOR them. In any event, it seems to me that the more we rely on technology the stronger is our craving for human interaction and affirmation.

Governor Buddy Roemer of Louisiana was Chairman of Southern Growth last year. And in recognition of the importance of literacy and all of its related issues, he convened a blue ribbon commission which met over the course of a year. After hearings and study the Southern Regional Literacy Commission determined that the southern states should come together and establish a forum which would support the efforts of each state, but also provide a mechanism where best practices in adult basic education and workforce preparedness could be recognized and shared - so that the accomplishments of your Family Literacy Center might be made known to all who would like to emulate this excellent example. The findings and recommendations of the Commission are reported in "The Power of the Word - Literacy is Everybody’s Business," available through the Board, and significant, I think, in the way that it demonstrates the relationship between this most significant problem and economic growth. For you see, until recently, the failure to achieve literacy was seen as a personal choice. Now we know that this dilemma represents a steel trap, perpetually wounding our region’s forward progress.

Human resource issues close on the heels of workforce preparedness include cost of and access to medical care and insurance coverage. In 1988 at least 17 million Americans could not afford the health care they needed. We have always struggled with the problem of poor workers who were under or uninsured. However, many of our states are now reporting that the poor make up a shrinking percentage of this statistic. What this means is that more of the middle class is not adequately covered, and that medical calamity in these people’s lives casts them into ruin. The president of the State Employees Association in one of our states recently told me that by within the next several years that the states contribution to the employees’ insurance plan would be the sixth largest item in that state’s budget.

Daycare issues, too, need attention. Businesses are beginning to report that they are using daycare considerations to their advantage, though this is by no means the norm. Investments in the welfare of young families inspires loyalty and as our qualified workers grow scarce, serves as a tool to attract people in the most productive stages of their lives. Conversely, if, as a society, we choose to ignore this issue, we will confront frustrated, unhappy adults, with children who mirror those characteristics. And it is all the more important now that children understand what work is, and that they have positive role models. Certainly throughout our history this has been easier. Children followed their parents into the fields or the kitchen and they understood what their parents did. But with the
industrial age parents disappeared when they went to work—usually, children never caught a glimpse of their parents’ economic activities. But if we are to have young people understand what work is all about, that it matters whether you show up on time, that it matters that you behave responsibly, then parents must teach this lesson. If parents have no opportunity themselves, as they languish unemployed or worse, unemployable, the children will never find out.

And speaking of opportunity, where will it be? There is increasing demand for people who are both skilled as technicians and as professional craftsmen, much in the European tradition. In Europe, these are not people who couldn’t "cut it" intellectually—often they are those who chose a different path—they are the people who sign the Mercedes Benz; and here they are the highly skilled people who work in hospitals but are not doctors and nurses—perhaps they design and build prostheses for people without limbs or maybe they ensure that the dials and switches are all functioning properly. We need many more of them to help explore the potential of biotechnology. Often such people can be prepared for work of this sort with two years at a community college or technical school. But our high schools have in the past identified the non-four year college bound as the "also rans," relegating them to second class status. The demands of their curricula were certainly not as stimulating as they might have been. In many areas this is changing with innovative programs like "Tech-Prep"—which combines the more advanced work you might find in the trades with the same quality of high school education that the traditionally college bound would encounter and be expected to master. We are deceiving young people when we tell them they must attend school to get a high school diploma, so that they can get a job, when, in fact, that diploma does not represent to the potential employer a qualified worker. It demeans the high school experience, relegating the institution to a societal holding tank. And this breeds bitterness. In order for our nation to thrive we must all have a stake in it—we must all believe in and support its premises and its promises. Again, state policies can support and encourage the implementation of innovative thinking on training and education. Last summer the publisher of Business Week Magazine said that any part of the world which expands the skills of its workforce will flourish—sounds like a guarantee to me.

When I was in the seventh grade my classmates and I had to choose a foreign language. Well, I couldn’t for the life of me understand why I had to do that. So, I asked my parents. Their best response was that I would be "well rounded" if I could speak French or Spanish. They could not have imagined that there would be 5,000 Japanese companies in this country, or that the European countries would join together consolidating what had been twelve different markets. Or that in order for our own manufacturing sector to thrive, new markets had to be developed. I am confident that my mother would provide a different response now—she would say "You should take a foreign language because it will vastly expand your opportunities." I would hope that she might add that the South offers tremendous vacation destinations and travelers from around the world want to come here, and spend
money, and they are more likely to do that if they know their languages stand some chance of being understood. For travel and tourism offer us the chance to "export" our quality of life, without losing a thing. And if my mother had thought about it further she might have said that this was a good thing because people tend not to go to war against those with whom they share strategic economic interests. The Department of Commerce now tells us that companies which export are up to thirty percent more efficient than the average. Could it be that this process exposes them to fresh approaches and applications? You bet!

We began tonight by listing some of the natural resources with which we are so rich. And we moved on to discuss how technological innovations had left their mark on society. Next, the infrastructure and human resource issues were explored. But if the concept of economic development is truly a strategy as opposed to a description of a phenomena, then not only must we manage our lives as they are, but we must strive to design healthy futures for ourselves, as well. We must strive to create a region of communities which are sufficiently resilient and flexible to accommodate cyclical fluctuations in the business environment without sacrificing our quality of life.

Although increasingly urbanized, the South is still a region of smaller communities, communities where five people can change the future. We have always received less support from the Federal government than other regions, but we have learned, and are learning again, to look inward, for our answers. Increasingly the states, and the Southern states, are looked to for models in education and technological development. And our communities are learning how to become what I like to call "successful communities." Successful communities are those which capitalize on local resources with ingenuity. They establish foundations to support the arts, perhaps to set aside parkland and greenspace. Their businesses adopt schools. Successful communities are supported by successful, positive and encouraging state policy. Entrepreneurism and business incubation is encouraged, both by the units of government and through the colleges and universities, as you do here through the Institute for Economic Development and Public Service. Existing industries have the tools to expand, including innovative financing and assistance with job training through such programs as the Blue Grass State Skills Corporation - because we now know that 80% of the new jobs will come from firms employing less than 500 people. I have heard that the industrial "buffalo hunt" is dead. But I know companies continue to seek out communities who can claim a prepared workforce, a reliable infrastructure, sound educational opportunities, and a healthy environment.

And, as we come to realize that a healthy environment is now as much a lure for location scouts as inexpensive labor used to be we must continue to be protective of it. It seems that just as we came to understand how valuable an asset we had we have run out of money to ensure its safety. It will be our challenge to establish new mechanisms to assess environmental impact and I would predict that you will see more cost passed directly to consumers.
I anticipate that financing of both public and private sector institutions will consume much of our attention. Our state tax structures were designed for an industrial economy and we will have to make adjustments to accommodate a growing service sector, or we will perpetually dwell in red ink. And of course, business still maintains that funds are too expensive — and they probably are — and this drives our cost of production up which renders our products less competitive. We are continually perplexed by the mixed message that our savings rate is too low, but that if we don’t spend, our economy will suffer. So that if we save, like many of us have recently done — some, I might add, for the first time — the so-called "forecasters" predict doom. How do we resolve this dilemma with the insight offered by analysts in the major financial institutions that there is simply too little money in our system to support the needs of both government and industry?

Economic development is a living concept — it must be flexible and we must be open to new approaches if we are to be successful. An essential component to ensuring the cycle thrives is a commitment to the continuous development of local leadership, leadership which will reach across geographic boundaries to achieve regional goals whether your region be of states, counties or neighborhoods. We need, also, to manage expectations, because many of these efforts cannot produce results in a year or two — or five. I like to remind people that the Research Triangle Park in North Carolina which now hosts fifty major firms of worldwide reputation waited eight years for Chemstrand, its first tenant. And this is a tough challenge — because legislative terms are usually two years and governors run for four.

I frequently get asked, "Is it going to be o. k.?" And I have to tell you the truth, it can be. But it’s going to take a lot of work, a lot of cooperation, a lot of patience, and unfortunately, more money than we’re spending now. But this society wants to be number one, we want our quality of life to rise, not fall, and we want more of our young people to "be invested" in this country. If you wonder, consider the blessing it is to have a choice. If one word could be used to describe the phenomenon of the crumbling of the Berlin Wall, it is the word "choice." For those people — in the Soviet Union, in China, and in Eastern Europe were striving for opportunity — the opportunity to try, the opportunity to make decisions, even the opportunity to fail.

In closing I would like to share one final observation. I don’t know how many of you watched Mark Spitz attempt his competitive swimming comeback last Sunday. But for those of you who did, you know that he did not get off the blocks fast enough. Like many of our communities, while he was in the water, he was working just as hard. But he STARTED the race behind. I spent my youth in competitive swimming, and in my carpool was a young man named Henry. Henry was small — dwarfed by the other boys his age. But when he swam his arms spun so fast you were left with the illusion of wheels attached to his shoulders. Still, he did not win. He was a nice fellow and I worried about him. So I talked with my Dad about this — and he said "Juli, don’t worry about
Henry. Because if you watch closely you will notice that he does not swim with his arms and legs — Henry swims with his heart."

Like Henry we must commit ourselves to the mission before us — with our hearts.

Thank you.