

The Balkanized Midwest and What To Do About It

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I found that doing the research for my book on the Midwest was an instructive experience. I spent the better part of a year on the road, driving from Ohio through Iowa, from Michigan through Minnesota. On the one hand, some constants emerged. I think I've stayed in every Super-8 and eaten in every Denny's in the region. More seriously, the Midwestern states share an economy, and globalization is affecting all of them more or less equally. For many reasons, it truly is a region, just as the South is a region, or New England. But at the same time, I was struck constantly by the sheer balkanization of the Midwest, by the fact that Midwestern states are dealing with this global problems not from a base of regional strength, but from many disconnected and parochial bases, and this is what I want to talk about today. In a region in which the cities and states have so much in common, I was amazed at the sense of isolation, of non-cooperation, of almost mindless competitiveness, that dominates politics and policies in this area. All this is good clean fun on football Saturdays, and maybe it's something we could get by with when we lived basically within a national economy, when states truly did compete with each other. But we're in a global economy now and, in the era of globalization, this orneriness is a luxury that we can't afford. I'd like to go into this in some detail, both on what's going on, and the high cost we're paying, and perhaps what we can do about it.

First, what do I mean by this balkanization? Well, let me count the ways. I was astonished to go to state after state, and talk with true experts in those states -- academics, government officials, business people -- who knew everything there was to know about their state and had literally no idea what was going on next door, across the state line. I ran into people in, say, Indiana or Iowa, who were

deeply knowledgeable about affairs in China or Africa or Eastern Europe, but who treated neighboring states like Michigan or Minnesota like the dark side of the moon. In short, we seem incapable of treating this Midwest as a region. I think I've read every book on the Midwest as a region, and it didn't take long. There are plenty of books on the individual states, or on individual places, from Gopher Prairie to Madison county. Indiana University Press, almost alone, has published a series of good academic books on Midwestern history and sociology and recently put out a truly stupendous encyclopedia on the Midwest. But so far as I know, my book is the first one on the Midwest as a region, written for a general readership, in at least 50 years, maybe more. Even the authors of those scholarly books, and the editors of that encyclopedia, earn their living teaching colonial or British history. Again, so far as I know, there is not one course taught in any Midwestern college or university on Midwestern history or the Midwestern economy or the Midwest in the modern world. Books on the South would, and do, fill libraries. If you're curious, google on "southern studies" and see what you find.

Economically, we've got border wars going on. States battle neighboring states for investment that would benefit both of them equally. I spent a lot of time talking with state economic development officials who recognized how silly this was. But they all said, "our governor likes to cut ribbons." There have been efforts by regions, like northeastern Indiana and northwestern Ohio, to get together on joint development projects, but their state capitals say no. Chicago desperately needs a third airport and the best choice would be across the Indiana state line, in Gary, which already has a small airport and badly needs the business a big one would bring. But neither Springfield nor Indianapolis is interested. The area is crippled by endemic duplication. Each state has its own bio-science organization, competing with every other state in an area where, if we just merged our capacities in

plant and animal science, we could lead the world. Every state got a chunk of the tobacco settlement and each one spent it separately, some well, like Ohio, and some not so well, like Michigan. Can you imagine what a Midwestern pool of that money could have done?

I could go on, but you get the picture. Academically, politically, conceptually, journalistically, the Midwest as a region does not exist.

There are reasons for this, of course. Other regions are easier to define. New England or the Rocky Mountain States or the northwest, beyond the Cascades, have a geographical unity. The South has that, plus its tragic history. The Midwest sort of oozes into the East on one end and into the Great Plains on the other. In the north it looks like Canada. In the south, it sounds like the Ozarks.

But the Midwest is a distinct and discrete region, united by its history, its demographics, and its economy, and now, the impact of globalization on that economy. I define the Midwest, first, economically, as that part of the country that does two big things for a living, which are intensive agriculture and heavy manufacturing. The Midwest still accounts for the five biggest manufacturing states in the union, that is, the states that get the biggest share of their GDP from manufacturing. Second, the Midwest is that area that took its basic character from the great wave of east-to-west migration, from northern Europe and New England, in the 19<sup>th</sup> century. Later waves of migration, from eastern Europe and then from Latin America and, of course, the great movement north by African-Americans before and after the war, enriched and deepened this Midwestern civilization without really displacing it. These early European immigrants gave the Midwest its culture and character, hard-working, individualistic, religious, rather stolid, truth to tell, a little dull but productive.

The Midwest is also defined by its history, and here's part of the problem. Most of the Midwest grew out of the Northwest Ordinance of 1887, and the rest from the Louisiana Purchase sixteen years later. The Northwest Ordinance in particular dictated where the state lines would be, all the way to the Mississippi, before there even were enough people here to form states. Those state lines are about as arbitrary as the ones Gertrude Bell drew around Iraq a hundred years ago, and cause almost as much trouble. As I discovered in my reporting, we here in the Midwest have a terrible time thinking outside these state lines, or reaching across to leverage our considerable strengths.

Again, at one time, this made little difference. Even with the advent of interstate commerce, states guarded their prerogatives, kept control over economic development and taxation and jurisdictions within their boundaries. Especially, they kept control over their schools and over the great state universities, mandated by the land-grant acts to educate the youth of each state and to contribute to the economies of each state. Each state, in short, looked out for itself. For much of Midwestern history, this worked pretty well. We, the Midwest, were the Silicon Valley of the Industrial Era, the place where tinkerers and dreamers in basements and backyard garages pretty much invented the 20<sup>th</sup> century. From Akron and Dayton through Decatur and Flint, we created the great industries that powered this nation for the better part of a century. So long as we lived in a national economy, where everybody played by the same rules and where we could write and enforce those rules, the Midwest grew and thrived. Even when the Sun Belt challenged this dominance and began drawing away our jobs, we could kid ourselves that this was something cyclical, part of the normal economics ups and downs.

Well, globalization has come along and blown that house down. We can't kid ourselves any more that what we had is going to come back. Competition has gone global, the rules have changed, the whole context of our economy has changed, and we're not coping very well. We're in a global competition now, at virtually every level of our economy. In this global competition, our Midwestern states are too small to compete, are simply not designed to compete. Our state lines were drawn two centuries ago, and globalization sweeps across those lines as though they don't exist. But all our thinking, all our policies, are still locked within those state lines, which means that we enter this global competition with a heavy handicap.

The thing that impressed me is that our problems are so regional. There are some aspects, of course, that are unique to the Twin Cities or St. Louis. But basically the impact of globalization lies pretty evenly across the Midwest. What's going on in Waterloo and Ottumwa, Iowa, is not much different from what's happening in Decatur or Galesburg, Illinois, or in Anderson and Muncie, Indiana, or in Dayton and Springfield, Ohio. Manufacturing remains relatively strong across the region but manufacturing jobs are going and aren't being replaced by the kind of new-economy jobs that are energizing other areas. Whole cities, even some of the biggest like Detroit or Cleveland or St. Louis, are crumbling away, barely half as big as they once were, beset by the worst poverty rates and the highest dropout rates in the nation, strange, empty, echoing places that may be surrounded by reasonably prosperous suburbs but are holes in the economic doughnut. The same consolidation of farms is speeding up across the region, and this is true whether the produce in question is corn or beans or poultry. Everywhere, non-metro areas are losing their grip on the future. In a globalizing

world, where the action increasingly is in cities, rural areas are literally dying away. Immigration is changing the face of some of the whitest, most homogeneous parts of the nation and everywhere, both cities and small meatpacking towns are struggling to accommodate these newcomers. These immigrants may be the very future of the Midwest, but we're having a terrible time coming to terms with their presence. Throughout the region, new industries like bioscience and nanotech ought to be a slam dunk. Bio, after all, is plant and animal science, and nano means the manipulation of subatomic particles to alter materials or create new ones. If there's anything we in the Midwest ought to know about, it's plants and animals and materials. But even in these areas, the Midwest as a region runs behind, both in research and in creating new industries.

In other words, we're all in this together, but you'd never know it. Actually, you'd think we'd be able to think and work across state lines. Many of our economic areas are sub-regions of one or more states, Auto Alley in southern Michigan and northern Ohio and Indiana is an example. For that matter, the Twin Cities economic area reaches well into Wisconsin these days. Almost all of the Midwest's biggest older cities were built on water, on rivers or on the Great Lakes, and so are on the edge of their states, not in the middle. You would have thought that the Midwest would have become an interstate sort of place from the start. But this hasn't happened. States have guarded their turf and their prerogatives jealously, long after this made any sense.

The fact is that, in a region that is facing the challenges of globalizations, the states aren't much help at all. Let me give some examples.

Bruce Katz of Brookings has pointed out that Midwestern cities that are literally struggling to survive find their efforts hampered, not helped by state policies. These states decide how many units of local government can exist, what powers they have and what form of taxes and other fees they can levy. States have the power to make schools good or bad, to fix highways or let them crumble, to decide whether and how displaced workers will be retrained. Too often, Katz says, the decisions made in state capitals favor suburbs over central cities, favor rural areas over metros, deliberately discriminate against areas with large minority populations.

This shouldn't be surprising. Everywhere in the Midwest, gaps are growing between metro areas, where globalization is happening, and non-metro areas, where it isn't. The Twin Cities account for no less than 64 percent of Minnesota's GDP, and I understand that a growing divide between this hub and the rest of state is becoming a political fact of life here. Certainly Chicago, which accounts for 70-plus percent of the GDP of Illinois, often acts as though it doesn't belong to the rest of the state, and the rest of the state seems to feel this would be just fine. In Milwaukee, city officials tell me that they have practically seceded mentally from Wisconsin and see their future as part of the Chicago economic region. St. Louis looks across the Mississippi into Illinois and Kansas City looks across its border into Kansas, and neither seems to feel that Jefferson City has much to do with its future.

Everywhere, Midwestern states are cutting back on funding for their state universities that bear their name, and if there's any way to guarantee global failure, it's to cheap out education. James Duderstadt, the former president of the University of Michigan, described these cutbacks to a Federal Reserve Bank conference in Chicago. In Ann Arbor, he said, the state pays only seven percent of the university's operating expenses. Other states do a little better, but not much. Every Midwestern state pays more to take care of its prisoners than it does to educate its kids. All academics here today know there's a debate going on within universities about the privatization of public education, and how the

Midwest's big land grant universities are going to support themselves in the future. This debate hasn't exploded into public view yet, but it will.

The tendency in most Midwestern states is to condemn the government of the day and to assume that a change of party or power will fix things. But this is no partisan issue, or shouldn't be. There's nothing that either party can do about it. Most Midwestern states didn't make a lot of political or social or economic sense when they were founded. Today, they're increasingly divided within themselves, and make even less sense.

The fact is that all states are so saddled with the legacy of the industrial age, the need to support downsized workers, to prop up old industrial cities and dying rural areas, to build prisons in high-unemployment areas, to deal with the real distress in so many Midwestern towns and cities, that they just don't have the money or time or energy to focus on the real needs of the future, like urban infrastructure or education.

For these reasons, I have my doubts about the ability of states themselves to break out of the confines of their own frontiers, and of their very real obligations to their voters, and cooperate with other states in any response to the challenges of globalization. But the states exist. The federal system is not about to be repealed, but nor is globalization. Certainly, the states, like the federal government, have a role to play, have to be at the table. But they can't take the lead, and shouldn't be expected to.

Where, then, is leadership to be found? In cities, for a starter. The economic areas of many Midwestern cities already sprawl across state borders, and these cities should be cut free from restrictive state laws, as much as possible, to forge their own economic future. Scholars are discerning megacities or megalopolises, vast urban regions, like the one stretching from Minneapolis to Chicago

and beyond, that cut across state lines but share an economy and must else. Regional economic development agencies already see the need for a regional response to globalism and are ready to move forward. Part of the mindless duplication going on now includes the trade and investment offices that each state feels compelled to set up in foreign centers like Shanghai or Brussels. If the states can't merge these into one, well-funded and truly potent office, perhaps Midwestern cities and their regions could. And so long as we're dreaming, let's dream about a high-speed rail network, linking cities and university towns, that would truly tie this region together.

Much of this project must be driven by business, especially the great global corporations, based in the Midwest but operating globally. These companies probably understand globalization and its impact on the Midwest better than any other players. Some of these corporations are deserting the region and its people, but others retain a real commitment to their communities, even as the realities of globalization force them to move routine operations abroad. Traditionally, corporations are leery of taking on social and political leadership, but I sense a change in this that is worth exploring.

Perhaps one thing we could do right now is set up a Midwestern think tank, to bring scholars and practitioners and leaders together from around the Midwest to swap experiences and war stories and work together to seek solutions for their common problems. No such institution exists now, but my organization, the Chicago Council on Global Affairs, intends to set up such a forum soon, a sort of hub for all the many Midwesterners who are wrestling with globalization in isolation and badly need the knowledge that there are others there in the same boat.

In all the balkanization, universities must accept their share of the blame, and their share of the responsibility for building a regional future. Certainly, academics within universities do joint projects and universities often apply jointly for grants. Our hosts today, the CIC, does much useful work

between universities. But all this is so much less than it could be, or should be. The original mandates of state universities, which is to serve their states and its students first and last, are outdated in a global universe, where knowledge and the economy and students themselves come from everywhere and go everywhere. Almost every state has its experts on that state's immigration problems, or industrial cities, or rural areas, or transportation. But nobody anywhere tries to see these issues from a broader Midwestern point of view.

To compete among global universities, our Midwestern schools, like the Midwest itself, must work globally from a strong regional base. More cooperation is needed. More joint appointments and merging of student bodies, possibly including, as Brookings has suggested, in-state tuition at any Midwestern university for Midwestern students. Let me throw out another idea. Almost every Midwestern university has graduate schools in medicine, law, music, engineering, journalism, chemistry, business and so on. Some of these schools are really good. Some of them aren't. But each school has one, because that's what big universities do. I don't know where it's written that the Big Ten needs 11 engineering schools or 11 business schools. What if these 11 schools were merged into, say, three or four schools of real academic distinction, real magnets for the best minds and best students of the world, true centers of global research?

Somehow, I don't think this is going to happen by fall semester. But it's still early days in globalization. Midwestern universities, like the rest of the Midwest, were produced over a couple of centuries by the industrial age. That age is ended, and the future of Midwestern education, indeed, the future of

**the Midwestern economy, is going to be shaped by global pressures in the decades to come. It's not too soon to start thinking about this now.**

**For starters, how about a department, just one department, in one university to start, that would specialize in Midwestern studies. Just to get the ball rolling? What do you think?**