

Strengthening

Emerging

America:

Issues

New Economic

Forum

Strategies

1993

N o r t h C a r o l i n a S t a t e U n i v e r s i t y

**“We must work
smarter and become
more efficient and
more resourceful to
meet the challenge of
worldwide competition.
...American industry
continually must
innovate, update, and
improve to keep pace in
the competitive race.”**

—Donald Petersen, then chairman,
Ford Motor Company,
Emerging Issues Forum, 1988

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Message from the Director

Betty Owen

Words in print can never fully capture the texture of a presentation made to a live audience, but they do provide a useful point of reference. In this report you will find excerpts from all the thought-provoking presentations made at the 1993 Emerging Issues Forum. Our topic this year was **Strengthening America: New Economic Strategies.** And, once again we hosted an outstanding slate of speakers and an audience of over 1300.

I find one of the great benefits of being director of the Emerging Issues Forum is that I can view each new episode in historical perspective. This year, as I listened to U.S. Secretary of Labor Robert Reich, Governor Jim Hunt and others talk about strengthening America, I found myself reflecting on previous conferences, on words I remembered from prior years. I was particularly reminded of Ross Perot's rhetorical question to the 1987 Forum: "Are our best days in the future, or are they in the past?"

Speakers at the 1993 Forum seemed to answer Perot's question with qualified affirmation that we are up to the task of building a brighter future if ... if we care about each other, if we build partnerships, if we save more and spend less, if we reclaim our communities, if we insist on quality, and if we face up to the challenges of re-examining policies, restructuring institutions and even reinventing government.

We are grateful to the speakers who challenged us with their remarks, to all those citizen-leaders who participated in this eighth annual Forum, and to the many friends of the Forum who provided us with invaluable assistance. I am pleased to provide you with a copy of this report.

And, let me suggest that you mark your calendar now for the ninth annual Forum slated for Thursday and Friday, February 10 and 11, 1994.



Betty Owen

Director
Emerging Issues Forum
May 1993

"Many of the messages heard at this year's Forum echoed refrains heard in previous years— from Bill Clinton, Ross Perot, Alice Rivlin, Jimmy Carter, and a host of others."

Meeting the University's Challenge

Message from the Chancellor

Larry K. Monteith



**“We
understand
the need to
cooperate, to
collaborate,
and to build
partnerships.”**

— *L a r r y K . M o n t e i t h*

The 1993 Emerging Issues Forum looked universities squarely in the eye and asked, "Are you doing your part to meet the serious challenges facing your state and nation?" At North Carolina State University, we believe we are on the right track, for we agree with C. Peter Magrath, president of the National Association of State Universities and Land-Grant Colleges, that "the purpose of education is broad, not narrow; inclusive, not exclusive; and people-serving, not self-serving." This university's mission — to advance the knowledge and skills of North Carolina's people — is a public trust for which we are accountable.

The challenges facing our state and nation are broad and numerous — the challenge of preparing our people to compete and win; of repairing our inner cities and revitalizing our rural areas; of constantly renewing our technological base; of aiding small and medium-sized businesses; and of helping government work efficiently and effectively, to mention just a few. N.C. State is working in each of these areas and will continue to do so. As we do, we accept the admonition of Robert L. Woodson, president of the National Center for Neighborhood Enterprise, to seek answers rather than to redefine problems. Furthermore, we will not only seek solutions, but when we find

them, we will carry them to the people. Answers solve nothing if they sit on a library shelf.

At this forum, we also heard a great deal of discussion about the importance of partnerships in solving these problems. Here, too, North Carolina State University is on the right track. I might even say, we are blazing the trail.

We understand the need to cooperate, to collaborate, and to build partnerships. The Research Triangle Park, after all, has set the standard for partnerships for nearly two decades. Cooperation by the three research universities in this area, N.C. State, Duke, and Carolina, has helped attract high-technology companies and build a diversified economy in North Carolina.

N.C. State's new Centennial Campus offers another example. Already at this early stage, it is a showcase of new partnerships and a model for others. When we finish, it will have a dozen research clusters of university and corporate laboratories. We plan to work with federal and state agencies, with public and private research entities, and with our own colleges to bring together in one location the scientists and engineers needed to bridge the gap between research and application.

N.C. State is just as determined to work as partners with North Carolina's public schools and community colleges to help ensure a diverse, educated work force. We can fulfill our own ambitions only if students who enroll in our university have had a quality education before coming to us.

We also are determined to be partners with state government — to help North Carolina become the model state of Gov. Jim Hunt's vision. We want to help solve state problems by using our classrooms and laboratories more effectively and efficiently. We believe in the team approach, and we intend for our university agenda to reflect that we are dealing with issues vitally important to the economic future of our state and our country: energy, environment, waste management, natural resources, water quality, health, and education.

This eighth annual Emerging Issues Forum embodied our partnership spirit, bringing together a diverse group of citizen leaders and decision-makers to share our unique and useful experience and knowledge. Let us be soberly realistic about the problems before us. Our task is to continue to search for good,

honest solutions, to determine what we should do and in what order. In this search, we are prepared to be flexible, for as Purdue University Vice President Robert L. Ringel noted, "Education is a dynamic and thus an ever-changing process. Today's solutions to any of our problems are likely to be different tomorrow." As the chancellor of this institution, I commit North Carolina State University to finding the solutions for today — and for tomorrow.



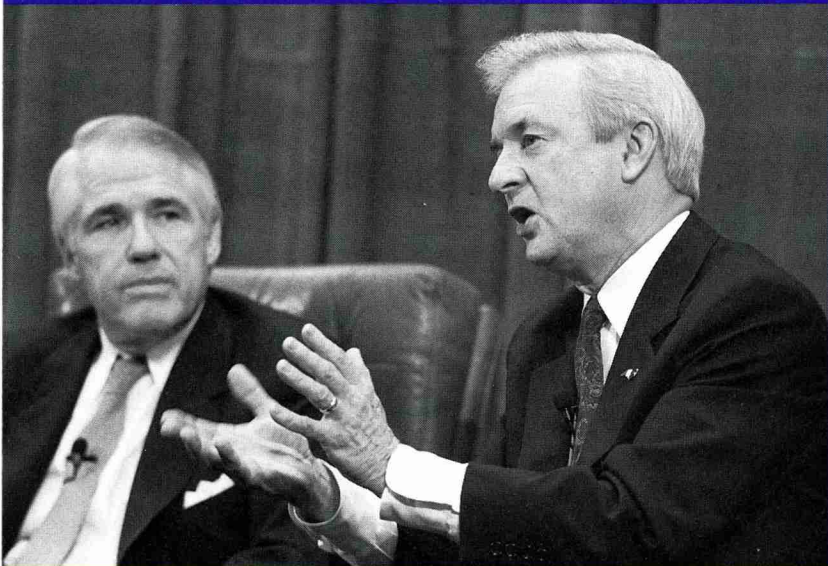


Sensing a New Commitment

A Message from the Chairman

James B. Hunt Jr.

**“Even where
competition is not
an overwhelming
issue, people now
demand,
and
deserve,
quality.”**



— James B. Hunt Jr.

A new spirit of optimism pervaded the 1993 Emerging Issues Forum. Not just optimism, but commitment. I sensed all around me and heard in what people said, a dedication to tackle the tough issues that we must deal with to get America winning in the global economy.

It was reassuring to hear this because the task is large, it is urgent, and we must be about it. The global economy isn't going away. It will be with us for the rest of our lives, and we must compete in it — and win — or our children and grandchildren will face an ever-declining standard of living. To judge from those of you attending this forum, this is a battle we will win.

I heard people committed to bringing quality into their products and services. Quality that will surpass consumer expectations. Quality that will give our products and services a competitive edge. Even where competition is not an overwhelming issue, people now demand, and deserve, quality. For my own part, I am totally committed to seeing quality management permeate every level of state government. We'll make sure we're giving the people of this state their money's worth.

I heard people committed to educating our students and training our workers. This means developing the higher-level skills that will allow our people to define and solve problems. If the assignment proves difficult, we cannot give up. We must look for new ways to get the message across, with TechPrep, with apprenticeship programs, with ongoing training for adult workers. Learning has become a lifetime assignment.

I heard people committed to getting more involved with helping their communities and their fellow business people. Our nation and our state have been blessed from the very beginning with people who care about their neighbors and their future. As we've grown so large we can't know all the neighbors, as our lives have gotten busier, and as the problems have grown larger, we are tempted to give up. We are tempted to think, whatever I can do won't be enough—so it doesn't matter. But it does matter. And when you add together all of our individual efforts, it will be enough.

At this forum, in my capacity as governor, I presented an outline of my game plan for what the State of North Carolina can do to address the challenges before us. Some of the details remain to be worked out, and some programs will be constantly

evolving as we discover solutions and seek new opportunities. Still, I believe you will see in this outline a comprehensive and holistic approach to enabling our people, our industries, and our communities to meet the competitive challenge in the world today.

Several times during our two day conference, national speakers referred to the attention this forum is attracting outside the state. It has become recognized as a major event helping set the national economic agenda. I take great pride in that.



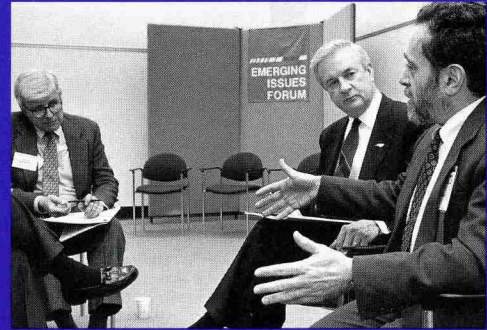
Gov. and Mrs. Hunt with former NCSU Chancellor John Caldwell

What matters most, however, is what we achieve as a result of coming together for this forum. Reaching our goals will take the commitment and hard work of every citizen of North Carolina. I invite you to join me in this task.

All Aboard!

Strengthening America:

New Economic Strategies



**“We can’t
just get the
economy back
on track.**



**We’ve
got
to fix
the
track.”**

— U.S. Labor Secretary Robert Reich

"It's time for everybody who's going with us to get in the wagon and for everybody else to get out of the way."

—N.C. Secretary of Revenue Janice Faulkner

What with fixing the tracks, loading up the wagon, and building bridges — an inattentive listener might have guessed the theme of the 1993 Emerging Issues Forum to have been transportation.

But inattentive listeners were rare among the 1300 people who turned out Feb. 10-11 for the eighth annual forum at North Carolina State University's McKimmon Center. Few if any missed the thrust of the conference, "Strengthening America: New Economic Strategies." If a mind wandered for a moment, as minds tend to do, a no-nonsense speaker quickly jerked it back onto the road.

"The goal is not competitiveness for the sake of competitiveness," said Reich, longtime economic adviser to President Bill Clinton.

"The goal is a higher standard of living for us and for our children in the future."

To achieve that goal requires that we move forward along parallel tracks, we heard. We must invest in people to create the skilled workforce necessary for the new economy. We must invest in communities, so they can grow and prosper. We must invest in business, helping traditional industries keep pace with technology, smoothing the way for new

entrepreneurs and new industries so they can create jobs. We must invest by making the sacrifices that will bring down the federal deficit, thereby freeing money for private investment.

Only when we've taken these steps can we grab the key that will turn the engine that will win the race.

"Quality is the key to the competitive edge, and a competitive edge is the key to success in the world marketplace," said Ben L. Bethell, senior vice president for Procter & Gamble Company.

Excuses for failure, whether in achieving quality in factories or high standards in our schools, had no place in these discussions. Marc S. Tucker, president of the National Center on Education and the Economy, discounted suggestions that America's racial and ethnic diversity puts us at a disadvantage compared with Germany, Japan, or Indonesia.

"Where do they think all these kids in the United States came from?" he asked, then answered, "From all those countries, where they expect a whole lot more."

Robert L. Ringel, executive vice president for academic affairs at Purdue University, reminded us of the importance of leadership: "Constructive change always starts with leadership, and leadership always starts with vision."



N. C. Secretary of Revenue Janice Faulkner

Our leaders presented their visions. Reich reiterated the priorities of President Clinton. Governor James B. Hunt Jr. outlined his own strategy for strengthening the North Carolina economy.

One message rang clearly and consistently throughout the forum: the necessity to direct attention to those who for too long have received too little attention or, sometimes, the wrong

"We've been borrowing from the future to finance the present when we should be doing just the opposite."

—President Bill Clinton,
then governor of Arkansas,
Emerging Issues Forum, 1988

“Americans must spend less, invest more.”

—Paul A. Volcker, former chairman, Federal Reserve, Emerging Issues Forum, 1988

kind of attention — the disadvantaged, the high school students not pursuing college, the grassroots people quietly making a difference in their own communities.

Many of the messages echoed refrains heard at the forum in previous years,



Ben L. Bethell, Procter & Gamble Company senior vice president

some heard nearly every year. In 1988, a young man then governor of Arkansas summed up the problems of the American economy this way: “We waste time and we waste money, and worst of all, we do the sorriest job of developing the capacities of our people of any major advanced country in the world.” That young man we now call president.

We’ve been told before—

- *To improve the quality of our products.* “Unless we get both the reality and perception that American products are of a quality unexcelled anywhere, we are not going to be successful at winning back a share of the international marketplace.” — Adm. Bobby R. Inman, USN (retired), chairman and CEO, Westmark Systems, Inc., 1987

- *To develop higher-level skills in our workers.* “Without a competitive workforce, we cannot hope to have competitive industries or to be a competitive nation.” — Donald Petersen, then chairman, Ford Motor Company, 1988

- *To fix our schools.* “We must organize and lead a national crusade, not for education reform alone, but for fundamental educational restructuring.” — David T. Kearns, then chairman and CEO, Xerox Corporation, 1989

Our slow response makes the job that much more urgent. To speed our progress, speakers encouraged us to build strategic partnerships. Partnerships among education, government, and business. Between

communities. Between individuals. Working together, we can hoist the economy back on the track AND fix the track.

And we cannot leave the work up to others. “Until we point the finger at ourselves, nothing will get done,” said Richard “Digger” Phelps, former special assistant to the director, Office of National Drug Control Policy and former Notre Dame basketball coach.

In describing his plans for building — metaphorically, at least — a new train station for the North Carolina economy, Governor Hunt made it clear that the job is not his alone. “I ask each of you to serve as stonemasons in this effort,” he said, “to help us build this foundation in every single community across North Carolina.”

In other words, get in the wagon, or get out of the way.

The North Carolina Game Plan

Governor James B. Hunt Jr. outlined a three-pronged strategy for North Carolina's economic development. Divided into investments in people, technology, and infrastructure, his major initiatives included:

Investments in people to create a world-class workforce.

- Creation of the Governor's Commission on Workforce Preparedness to coordinate statewide efforts with efficiency and accountability. Hunt announced the appointment of Sandy Babb, then president of N.C. Equity, as the commission's executive director.
- Expansion of TechPrep, a six-year, high school-community college program to prepare students for the demanding jobs of the high-technology work place.
- Youth apprenticeship programs combining high school course work with on-the-job training. Hunt said he hopes to create an apprenticeship program in North Carolina that will serve as a model for the nation.
- Upgrade of the community college system's ability to provide education, training, and retraining.
- Improved early childhood education.
- Requirement for high school students to pass an exit exam before receiving a diploma.

Investments in technology to strengthen North Carolina's manufacturing base and help industries modernize.

- Creation of a Technology Extension Service "to link university research to the factory floor."
- A comprehensive package of incentives to encourage new and expanding industry.
- Creation of the Entrepreneurial Development Board with Robert L. Luddy, president of Captive-Aire Systems, as chairman to help start-up companies get capital, management help, and export assistance.

Investments in infrastructure and planning for growth.

- Formulate a statewide economic development plan.
- Assist local governments in acquiring the infrastructure—including water, sewer, and natural gas service—necessary for new and expanding industry.
- Creation of the Economic Development Institute to provide training for state and local economic development officers.



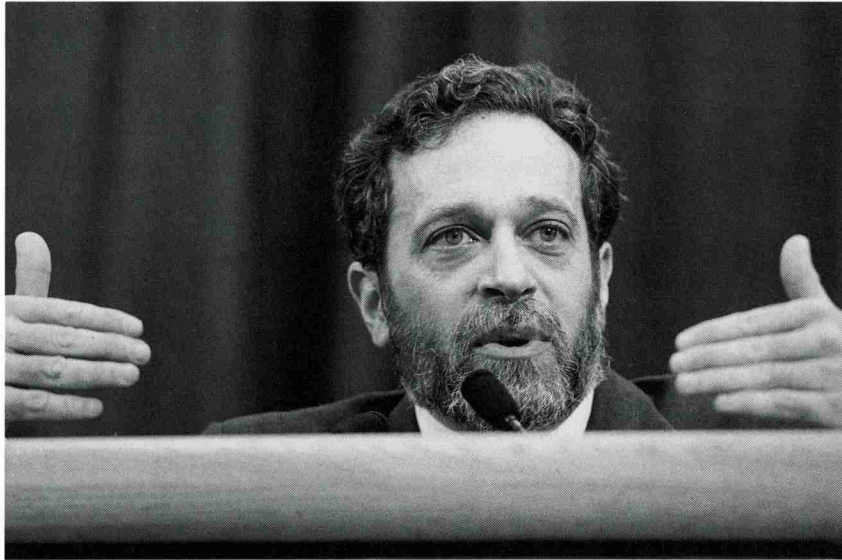
N.C. Economic Development Team: (left to right) Gov. Hunt, Dave Phillips, Bob Jordan and Bob Luddy

"We need to start preparing our own competitiveness agenda. ...And we must move now—not tentatively or half-heartedly, but boldly and with a commitment to have this nation, our plants, our industries, our farms, outcompete the world."

—Gov. James B. Hunt Jr.,
Emerging Issues Forum, 1988



Gov. Hunt talks with NCSU deans (left to right) Jerry Whitten, Larry Tombaugh, and Durward Bateman.



Robert B. Reich, U.S. secretary of labor, addresses the Forum.

“We cannot borrow and spend our way out of these hard times. We must invest and produce and earn our way out.”

—James B. Hunt Jr.,
Emerging Issues Forum, 1992

The American Game Plan

Robert B. Reich, U.S. secretary of labor and longtime economic adviser to President Clinton, spoke to the Emerging Issues Forum while the administration was still working through the budget it would submit to Congress. Though declining to pre-empt the president’s announcement of his plans, Reich reiterated Clinton’s acknowledged priorities:

- To increase public investment “in education and training and roads and bridges and sewers and all the things that make this country capable of being productive in the future—not just shifting investments in that direction, but doing it well and carefully and making sure the public is going to get its money’s worth.”
- To reduce the budget deficit, “in other words, shifting away from public

and private consumption to public and private investment and doing it in a way that is going to be equitable and fair.”

He noted that lobbyists were fighting budget cuts even before the cuts were proposed. “A lot of sacred cows are going to get gored,” he said, “but it has to be done. We have to make that shift.”

He also spoke in favor of a little “pump priming” to aid short-term job recovery. Jobs have not recovered despite gains in other economic indicators, he said, because “small and medium-sized businesses, which are the engines of job growth, are not yet sure we have a recovery.”

When President Clinton gave his State of the Union address to Congress on Feb. 17, one week after Reich spoke at the Emerging Issues Forum, he outlined a four-part game plan:

- Short-term economic stimulus with long-term investments in “our people, their jobs, and their incomes.”
- Emphasis on work and families.
- Reduction of the federal deficit.
- Elimination of waste and inefficiency in government.

The total plan included health care reform, universal childhood immunization, a reduction in and redirection of the military budget, a program to allow young people to work off college loans through public service, an energy consumption tax, and a tax increase on individuals and corporations in the upper income brackets.

At the forum, Reich said he sometimes fears that America will be lulled into inactivity by the gradual nature of her economic decline. Just as often, he said, he is optimistic that the country will respond as it has to other crises.

“When we understand the nature of this problem—that we have a fundamental productivity problem, that we are not investing adequately in most of our workforce, that we are not investing in the most precious asset of America—when we understand that,” he said, “we’ll get on with it. We’ll do it.”

Enough with the Excuses

The truth about trade

Robert B. Reich
U.S. secretary of labor

"Some people think that the real issue with regard to national competitiveness is the trade balance. ... [By that reasoning] we can get very competitive very quickly if we simply allow the dollar to decline relative to foreign currencies so that everything we produce is that much cheaper to them and everything that they produce is that much more expensive to us. ... The problem is, we get more competitive by becoming poorer. That does not lead to very much progress."

Accepted truths?

Ben L. Bethell
Senior vice president,
Procter & Gamble Company

"We had come to view many imperfections as unavoidable, normal costs of doing business, when in fact they were reflections of our inattention to customer satisfaction and, therefore, quality."



Congressman David Price converses with other Forum guests.

"[The United States must] switch back from being a borrowing nation living beyond its means to being a saving nation investing in our future. And the best way, the non-mysterious way, easy way to do that...is to stop government dissaving, balance the budget, and release that national savings for active duty."

The greatest cop-out of all

Ben L. Bethell
Senior vice president,
Procter & Gamble Company

"A lot of the credit for Japan's success has been given to the consensus-driven, homogeneous Japanese culture, which is particularly receptive to participative work systems and encourages cooperation among government, business, finance, labor, and even competitors. I happen to believe that all of this is secondary to the real secret of Japanese success — which is a broad

national commitment to quality as defined by the customer."

The greatest cop-out of all, part two

Marc S. Tucker
President, National Center on
Education and the Economy

"Lots of people say to me, 'But the United States isn't homogeneous like they are.' Where do they think all these kids in the United States came from? From all those countries, where they expect a whole lot more. It's time to move on."

Where blame rightly belongs

Robert B. Halder
Senior vice president, Juran
Institute

"Some business journal articles doubt total quality management's applicability in the United States. But where it has failed, the common factor has been the failure of senior management to take the lead."

—Alice M. Rivlin,
assistant director,
Office of Management
and Budget, then
director of the
Economic Studies
Program, Brookings
Institution, *Emerging
Issues Forum*, 1987

All Strategies Begin with

Investing in People

“We waste time and we waste money, and worst of all, we do the sorriest job of developing the capacities of our people of any major advanced country in the world.”

“Without a competitive workforce, we cannot hope to have competitive industries or to be a competitive nation.”

*—Donald Petersen,
then chairman and CEO, Ford Motor Company,
Emerging Issues Forum, 1988*

*—President Bill Clinton, then governor of Arkansas,
Emerging Issues Forum, 1988*

The theme of the United Negro College Fund played softly but incessantly in the background. "A mind is a terrible thing to waste."

It resounded because the Emerging Issues Forum made clear, once again, that the United States wastes a lot of minds. Not only the minds of young blacks, though they are disproportionately among the wasted. But they are not alone.

Thirty percent of our students fail to graduate from high school. Students coming out of our high schools, including those who received diplomas, read at an average 7.25 grade level.

This falls far below the levels achieved by our industrialized competitors, even below the levels of some developing nations. Primary school graduates going into manufacturing plants in Jakarta, Indonesia, are better prepared for the work place than are American high school graduates.

The result of this waste can be seen clearly in declining standards of living. Over the past 14 years, three-quarters of all Americans have watched their living conditions and wages decline steadily. The less education they had, the worse their fate.

We also waste minds that could help us solve some of our problems, for we discount what they tell us. "[Researchers and policy makers] always find excuses to ignore grassroots people," said Robert L. Woodson,

president of the National Center for Neighborhood Enterprise.

Woodson described examples of wasted opportunities,

people who had found solutions that no one took as models. He also pointed out glaring defects in U.S. anti-poverty programs. Of the \$3 trillion spent to serve the poor in the last 25 years, he said, 70 percent has gone not to the poor, but to the people who serve the poor. People not answerable to their clients. "They don't ask which problems are solvable," he said. "They ask which programs are fundable."

In North Carolina, poverty and the lack of education bear down heavily, particularly in rural areas. Rural areas lag behind urban areas in percentage of high school and college graduates. Rural areas far surpass urban areas in poverty levels and its many corollaries, such as unemployment, substandard housing, inadequate diet, poor health, low tax base for the services a community needs to better its lot. "The figures are staggering," said Billy Ray Hall, president of the North Carolina Rural Economic Development Center, "and unfortunately,

we hear them so often, they can be numbing."

Numbness is not an option, as Janice Faulkner, N.C. secretary of revenue reminded.

"In a world of cheap transportation of goods and even cheaper transportation of information, intelligence has replaced proximity as the controlling factor in market access."

—Lewis Branscomb, director, Science, Technology, and Public Policy Program, Kennedy School of Government, Harvard University, Emerging Issues Forum, 1987

"We need to raise our expectation that every house in North Carolina will be a good house, no matter where it is; that every school in North Carolina will be a good school, no matter where it is; that every job in North Carolina will be a good job, no matter where it is."

For the work ahead, neither the state nor the nation has a mind, or body, to waste.



Robert Reich is introduced to North Carolinian Lois Reich.

“Finding and attracting these highly qualified workers will become one of a corporation’s competitive edges. And companies will search for worldwide locations where this type of workforce is available. Corporations will search for good minds rather than inexpensive labor or capital.”

—Alan G. Lutz,
*president, Northern
 Telecom Public
 Networks, Emerging
 Issues Forum, 1992*

**The U.S. Workforce:
 Front and Center
 in Economic
 Revitalization**

Up the down escalator

*Robert B. Reich
 U.S. secretary of labor*

“Overall, over the last 14 years, people with college degrees have been on an upward escalator. People without degrees, overall, have been on a downward escalator. Why is that? ...

“If you have a college degree, you are perceived to be numerate, you are literate, ... you are able to recognize, identify and solve problems. ... Every other factor of production is moving around the world almost at the speed of an electronic pulse — technology, corporations, machinery. But it’s the problem-solvers, it’s insights, it’s brains — those are rooted behind our nation’s border. And if you have them, you are able to command more and more resources both from your nation and from around the world.



Forum attendees line up to ask questions.

“On the other hand, if you are not a problem-solver, you are in less and less demand around the world and in the United States. You are now competing with millions of people eager to work for a small fraction of your prevailing wage, and even if you were not competing with them, technology itself would be taking away your jobs. ... Both technology and international competition are rewarding the problem-solvers, pushing their wages up, and penalizing those who don’t have adequate education and training to deal with the new realities of technology and global competition. ...

“The gap is growing in most industrialized nations, but not nearly as fast as it is in the United States. ... [The

reason it grows faster here] has something to do with a failure on the part of both the public and private sectors to invest adequately in the capacities of the non-college educated worker.”

Potential lost

*Ben L. Bethell
 Senior vice president,
 Procter & Gamble Company*

“If a business produces products that fail 30 percent of the time, it will likely close down. What, then, is the implication for a nation where 30 percent of our young people fail to graduate from high school? I’d like to quote Dr. Donna Shalala, secretary of health and human services....She said, ‘Waste in industry is a shame; waste of human potential is a sin.’”

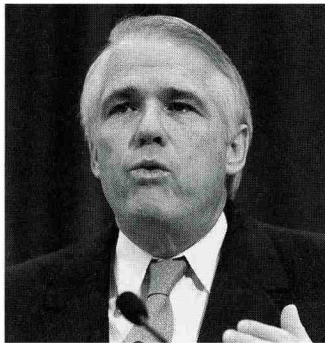


Billy Ray Hall, president, N.C. Rural Economic Development Center

Potential realized

James B. Hunt Jr.
Governor of North Carolina

"About 10 years ago, I went to Greensboro for the ribbon-cutting of Analog Devices, the computer lab division of a Boston semiconductor chip manufacturer. During a tour of the plant, I met a young fellow who was introduced to me as the developer of a new microelectronic device that had brought in the first American contract with NTT, Japan's telephone company.



S. Dave Phillips, N.C. secretary of commerce

"In chatting with this fellow, I asked him where he'd gone to school. I expected him to be an engineer with multiple degrees from a fine university, perhaps a graduate of my own alma mater, N.C. State. But he told me that he had graduated from the Guilford County school system and had a two-year degree from Guilford Technical Community College.

"Now, this young man was directly responsible for creating hundreds of new jobs — and more new ideas — in

North Carolina. That's what I'd call a good return on the state's investment."

A brick and mortarboard job

Robert B. Jordan III
Chair, N.C. Economic
Development Board

"We have a world-class body of land, a world-class university system, a world-class community college system, but we do not have a world-class strategy and support system or a world-class workforce. That we must build."

Without a skilled workforce, all goes for naught

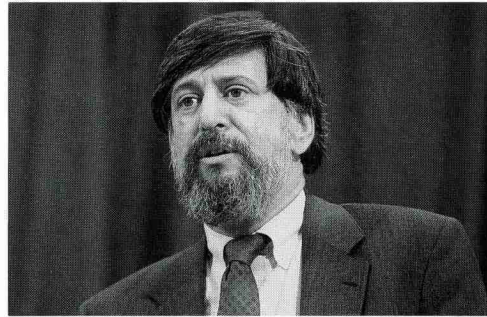
S. Dave Phillips
N.C. secretary of commerce

"We can have all the best roads, the best buildings, the infrastructure, but we have learned that none of this counts until you have a workforce that can produce a product that can be put into those buildings. Workforce preparedness is the key for our future."

'They expect more, and they get more'

Marc S. Tucker
President, National Center on
Education and the Economy

"In preparing the 1990 report of the *Commission on Skills of the American Workforce*,



Marc S. Tucker, president, National Center on Education and the Economy

we learned that in Japan and Germany, productivity, income, and the standard of living have gone up steadily. They are organizing work differently. We still do it mass production style, where only the people at the top need any brains. They give people on the front line more responsibility. People on the front line do their own quality control, production planning, equipment maintenance, and all the comparable things one would have to do in a service firm.

"Because this is so, they can attain levels of quality that are impossible to attain if you don't organize this way. They can turn around on a dime in response to changes

"Education is the difference between innovation and stagnation. The choice is ours. Either we reform our system of education in North Carolina — now — or accept a second-class future for our citizens."

—then governor
James G. Martin,
*Emerging Issues
Forum, 1992*

"It is nothing short of revolution that is required in our public education system."

—John Sculley,
president and CEO,
Apple Computer
Company, *Emerging
Issues Forum, 1989*

in consumer taste. They can achieve levels of productivity we can't ... things people pay big money for. ...

"The hitch in that strategy is that the front-line people



Robert L. Woodson, president, National Center for Neighborhood Enterprise

must be nearly as well educated as the professionals and managers. ...

"What they do that we don't do — they expect a lot of their kids. They have high standards. Their 16 year olds going into the workforce are expected to meet standards as high as college students here, higher than 18 year olds. They expect more, and they get more. The have set

"We must organize and lead a national crusade, not for education reform alone, but for fundamental educational restructuring."

—David T. Kearns, then chairman and CEO, Xerox Corporation, Emerging Issues Forum, 1989

a clear standard, and the standard means something...

"And employers in Europe are telling the vocational education people that the qualifications are too narrow and too occupation specific. They say jobs are changing all the time, and the programs should focus more on education, less on training because of those changes."

Poverty's Reality: Lives of Quiet Desperation

An uphill marathon for rural North Carolina

*Billy Ray Hall
President, N.C. Rural Economic Development Center*

"In 1990 [North Carolina's] rural areas had a poverty rate of more than 16 percent, compared with 10 percent in urban areas. This accounted for over 450,000 people. ... Among the hardest hit were rural children under the age of 6. Of that group, one out of four rural children still lives in poverty. That's 55,000 children. The picture is similar for the elderly population... One in four rural elderly lives in poverty. ... Even more dramatic is the percentage of rural blacks in poverty. In 1990, if you were black and you were rural, you had a 1-in-3 chance of being poor.

"The figures are staggering, and unfortunately, we see them so often, they can be numbing. I do believe, however, that there is one fundamental answer: In rural

North Carolina, we've simply got to run faster to catch up."

The war on inequity

*Janice Faulkner
N.C. secretary of revenue*

"We celebrate the diversity of ethnic origin, religion, and race and gender. That diversity is a strength. We should declare war on diversity that is based on inequity. We need to raise our expectation that every house in North Carolina will be a good house, no matter where it is; that every school in North Carolina will be a good school, no matter where it is; that every job in North Carolina will be a good job, no matter where it is. ... We have to make sure that children are meeting the right experiences in their environment. ... If not, we stand in danger of breeding a generation of folks like the hired man Robert Frost wrote about, who lived his life out with 'nothing to look backward to with pride, and nothing to look forward to with hope, so now and never any different.'"

A crisis of spirit

*Robert L. Woodson
President, National Center for Neighborhood Enterprise*

"The people serving the poor are not responsive to their customers, their clients. They don't ask which problems are solvable. They ask which programs are fundable. They are not required to produce anything. ...



Robert Ringle, Purdue University

"Poverty is not a crisis in a job or a crisis in opportunity. Poverty is a crisis of the spirit. ...

"You get more of what you reward, less of what you punish. In poor neighborhoods, if you're on drugs, there's a program. If you're pregnant, there's a program. If you're none of these, there's nothing....

"Poor people need to be creators of wealth, not just the recipients. Poor people need to be told they need not commit a crime just because they don't have a job."

The Ingredients of the Great Melting Pot

Looking like America

Janice Faulkner
N.C. secretary of revenue

"We need to find new language to use in talking and thinking about diversity. We think about ethnic origin, race, gender, age. President Clinton's cabinet ... is supposed to look like America — male, female, Hispanic, black. When I look at it out of eastern North Carolina eyes, all I see is a bunch of wealthy lawyers. I don't see any diversity in it. I'm afraid

they're going to bring a limited perspective that comes out of a common experience that's going to ignore an economic diversity with which all of the rest of us are wrestling all over the country. So we have to think about diversity in terms of economics."

The great American (potential) advantage

Ben L. Bethell
Senior vice president,
Procter & Gamble Company

"Another tragic form of human waste is our failure to capitalize on the marvelous diversity that our society offers. ... Empowerment of people is a basic tenet of total quality — but that means empowerment of all people, not just white, Anglo-Saxon males. We will not be able to call ourselves a quality society — in all meanings of that term — until we have converted our diversity into the massive competitive advantage it truly can be."

Find What Works and Run with It

Grassroots people can have answers, too

Robert L. Woodson
President, National Center for
Neighborhood Enterprise

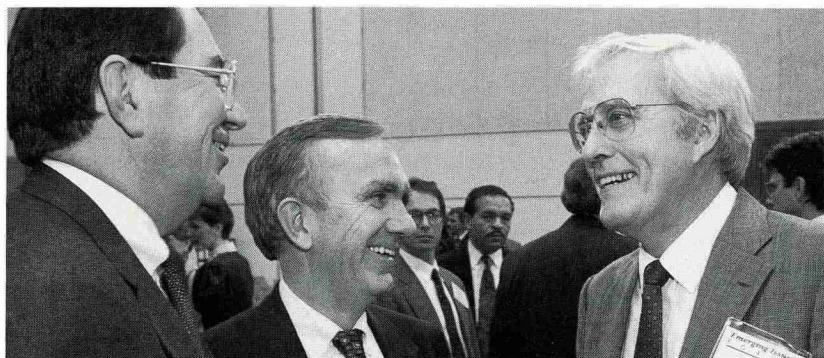
"We must apply the same principles that operate in our market economy to our social economy if we are going to change things. In our market economy, we know that most of the innovations occur in the smallest commercial unit. ...

"Likewise, in our social economy, most of the innovation occurs in our smallest social units — in someone's living room, in someone's association. In the market economy, you don't have to be a professional to get rewarded. Yet in our social economy, no matter how innovative you may be, unless you have a degree in something, no one will even listen to you or your approach.

"In the market economy, we seek out solutions based upon outcome. ... In our social economy, you can have someone like Kimmy Gray who was abandoned by her husband at age 19 with five children, in public housing and on public welfare. She got off welfare in three years, sent all five kids to college, and got an associate of arts degree herself. Then the other kids said, "Ms. Gray, help us." In the last 10 years, she has sent 800 kids from this one public housing development to college. ... Yet not one education researcher, not one group, came to evaluate that measure of success. They always find excuses to ignore grassroots people."

"One of the greatest tragedies that I recognized as president and that I still recognize is the uncrossable chasm that exists between well-off people on the one hand and the poverty-stricken, needy people on the other hand who have very little influence, who are not articulate, and who quite often are totally ignored. And that doesn't just exist between the United States, for instance, and Ethiopia or Haiti. It also exists in Atlanta, Ga., and in Raleigh."

—former president
Jimmy Carter,
Emerging Issues
Forum, 1991



Sam Poole, Congressman Martin Lancaster and Robert Jordan III (left to right)

The Keys to Workable Strategies:

Personal Commitment, Determined Partnerships

“To reverse this downward spiral, we must assume a collective responsibility for our communities. If we all do that, the larger society will take care of itself.”

—Hugh L. McColl Jr.,
president and CEO,
NationsBank, Emerging
Issues Forum, 1992

“In the 70s, the best and brightest of this country saw it as their job in life to define a problem and then to walk away from it. We don’t need people who just want to point at something and say, ‘Isn’t that terrible?’ ... We need people who are willing to roll up their sleeves and fix it. ... We all have an equal obligation to do the dirty work that must be done.”

—H. Ross Perot, founder,
Electronic Data Systems,
Emerging Issues Forum, 1987

“We must have a vision that creates events rather than allowing events to create our vision.”

—Daniel T. Blue Jr., speaker of the
North Carolina House of Representatives,
Emerging Issues Forum, 1991

It's time to get to work.

We have no more time, no more money, no more people to waste.

So let's get on with the job that has to be done.

That's what the speakers told us at the Emerging Issues Forum. It's what we must believe, it's what we must *do* to fix the track on which the American economy runs.

Everyone must pitch in. Individuals. Governments. Schools. Businesses. In some cases, pitching in requires re-examining our "good deeds" of the past. Speaking to business leaders, Robert L. Woodson of the National Center for Neighborhood Enterprise, said, "I cannot understand how, when you sit on the boards of non-profits, you somehow change the principles that made you successful in your commercial enterprise....Business shouldn't be in the business of charity. It should be in the business of investment."

As businesses, we should be investing in our communities and mindful of the results of our actions. "In Central Los Angeles, industries are moving out, lured by Arizona and claims about no property tax, no value-added tax, insurance laws, workman's compensation laws," said Richard "Digger" Phelps, former special assistant to the director, Office of National Drug Control Policy. "But guess who stays: the disadvantaged....What happens when big corporations close places, they leave people desperate." In that, there may also be a lesson for the Arizonas and North Carolinas casting their lures.

Partnerships can pave our way in many instances. The possibilities for partnerships are numerous and varied.

Partnerships among government, industry, and education...to create a Technology Extension Service to move new developments to the factory floor in traditional industries...to nurture the



Richard "Digger" Phelps, Office of Drug Control Policy

emerging industries and the entrepreneurs who can create the jobs that will employ our workers and feed our families...to find solutions to the problems in our public schools and the crises of our homes and neighborhoods...to build the service systems needed to attract and retain business. In all cases, the emphasis must be on solutions, not the further definition of our problems.

Partnerships with workers, making them all part of the team for improving systems that produce the products and deliver the services.

Partnerships with the disadvantaged, allowing them to help us help them.

"I ask you to join with me today to form a partnership for economic growth," said Gov. James B. Hunt Jr. "A partnership for investment. A partnership for our people. A partnership for the future. Together, we can make it happen."

Grab your partner, and get to work.

"For our political leaders, it means giving us a vision, a framework for the future that will inspire us, much the way that President Kennedy did several decades ago when he inspired us to put a man on the moon. What was important was that he focused the energies of the country toward that as being very important, and suddenly it shifted priorities throughout all sectors of our economy and society."

—John Sculley,
chairman and CEO,
Apple Computer, Inc.,
Emerging Issues
Forum, 1989



UNC President Dick Spangler and Dan Blue, speaker, N.C. House of Representatives

"If universities really want people to be powerful and dynamic, effectively involving teachers, then they're going to have to re-examine how all of undergraduate and graduate education takes place in the university."

—Frank Newman,
president, Education
Commission of the
States, Emerging
Issues Forum, 1989

It's Time to Get Involved

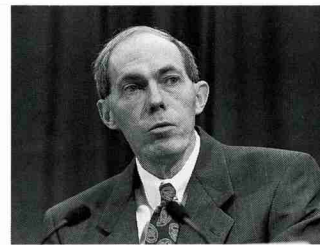
*Richard "Digger" Phelps
Former special assistant to the
director, Office of National
Drug Control Policy*

"We can point fingers at Congress and the president, but until we point the finger at ourselves, nothing will get done. ... The things you and I can get involved in include mentoring in the schools and sister neighborhoods. We can allow our employees to cross the street and get involved."

A special word to business do-gooders

*Robert L. Woodson
President, National Center for
Neighborhood Enterprise*

"I cannot understand how, when you sit on boards of non-profits, you somehow change the principles that made you successful in your commercial enterprise. Corporations ought to be making investments in



Robert L. Luddy, chair, N.C. Entrepreneurial Development Board

communities from which they expect a return. ...

Don't celebrate victimization and charity. Business shouldn't be in the business of charity. It should be in the business of investment."

How to help entrepreneurs

*Robert L. Luddy
Chair, N.C. Entrepreneurial
Development Board*

To commercial and investment bankers: "Entrepreneurial companies pose a different kind of risk. Promote the growth of such companies by learning to manage these risks. ... Establish partnerships with local and state government to provide seed money and private capital to these firms. ... We must encourage new venture capital investment banking."

To other entrepreneurs: "In order to be successful, entrepreneurs need mentors as role models. Seasoned entrepreneurs must be willing to consult with and advise new entrepreneurs."

To real estate developers: "You must create affordable and functional space to allow these companies to develop. ... Be flexible with terms and leasing in order to provide incubator-type space and services. The start-up companies of the 1990s will be your major companies in the year 2000."

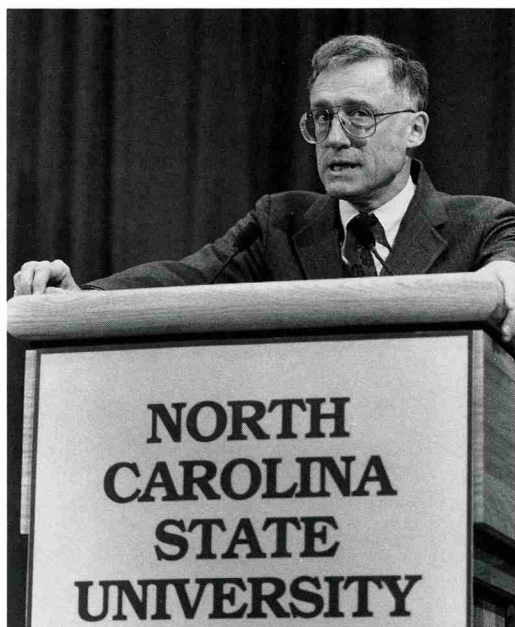
To universities: "Critical to the development of world-class products and companies are aggressive technical extension services. University professors must act as scientific advisers to entrepreneurs. There must be a transfer of new technology from our universities to high-growth companies."

To government: "Allow the entrepreneurial and existing business to grow and expand by reducing the size and scope of government and increasing the privatization for services required in your community. New tax laws or regulations must pass the acid test: Will they foster or impede entrepreneurial job growth?"

Business communities reaching out

*S. Dave Phillips
N.C. secretary of commerce*

"Several years ago in High Point, we in the business community realized we were not interfacing with public officials. Economic development was totally run by the city. ... The business people asked the public sector, 'Could we get involved?' ... The business community was allowed to be a part of it and put money in to further enhance economic development in our city. So we became, truly, a public-private partnership. ... The next step in this evolution was the county. ... From there we started a real initiative called the Piedmont Triad Partnership ... [and since then] we have



C. Peter Magrath, president, NASULGC

raised \$1 million both publicly and privately to enhance economic development."

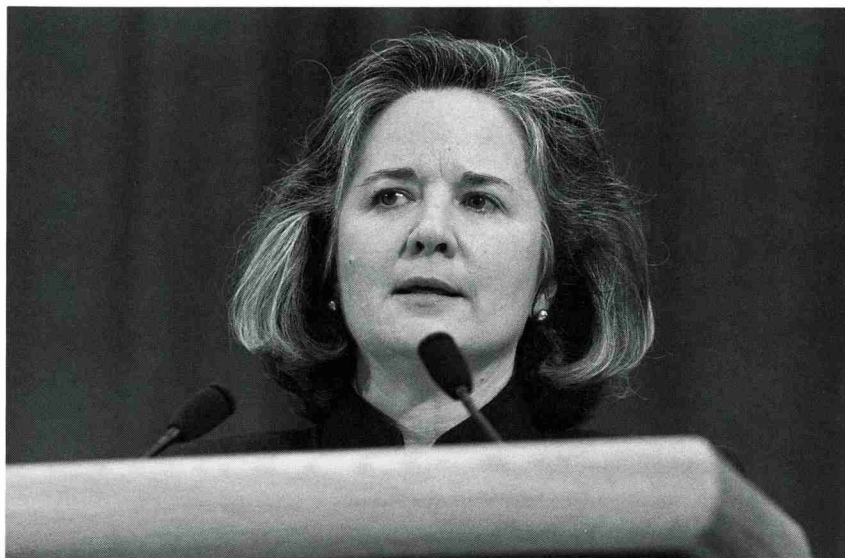
Critical issues for universities

*C. Peter Magrath
President, National Association
of State Universities and Land-
Grant Colleges*

"In the Sputnik period of the 1960s, American higher education did not sit idly on its hands, complaining and being a reluctant dragon before engaging scientifically with the federal government to meet the challenges of Cold War competition. Quite the contrary, we were eager suitors and participants in meeting that challenge."

Today's needs include—

- "A front-and-center engagement with the issues of elementary and secondary education ... through a direct, hands-on collaboration with business and industry and leaders in public elementary and secondary education. ...



Debra W. Stewart, dean of The Graduate School, NCSU

- "Industrial and business extension to meet the needs of small and medium-sized businesses. ... Universities alone cannot save or strengthen the nation's economy. But unless universities in fact and in perception deal with the economic issues by contributing their talents directly and visibly, two things will happen: the nation's economy will not thrive and prosper, and universities will not receive the support they deserve.

- "International education. ... Our society needs education and understanding of the world as never before. Unless our colleges and universities are at the forefront of internationalizing their curricula, fostering relationships with people from other countries, and promoting study and research on international issues and interconnections, Americans will not be equipped to meet the challenges of the next century."



Gen. Maxwell R. Thurman, U.S. Army (Retired)

"The people on the factory floor are as good as gold, as good as the American people ever were. They cry for leadership, and it's up to us to supply it."

—H. Ross Perot, founder, *Electronic Data Systems, Emerging Issues Forum, 1988*

Your workforce, your responsibility

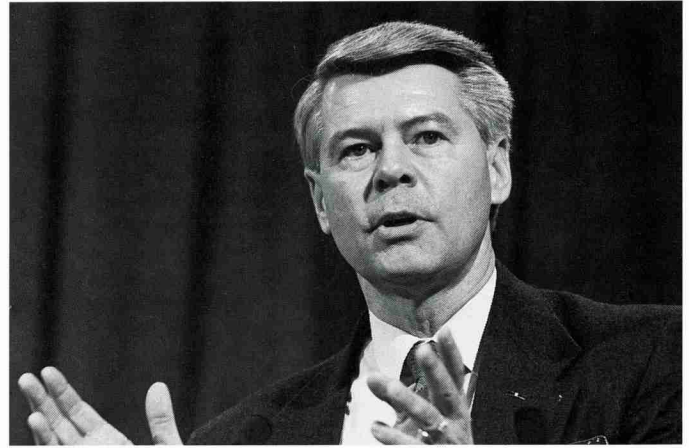
*Robert B. Reich
U.S. secretary of labor*

"We have to have a training system that carries people who are not going to college from school to work. The public sector has to play a major, major role, but the private sector also has to play a role.

“Unless we get both the reality and perception that American products are of a quality unexcelled anywhere, we are not going to be successful at winning back a share of the international marketplace.”

—Adm. Bobby R. Inman, USN (retired), chairman and CEO, Westmark Systems, Inc., Emerging Issues Forum, 1987

“One of the biggest differences between many of these other countries and the United States is that the private sector, the business leaders of these countries, take responsibility for the non-college-bound worker. ... In other countries you have businesses going directly to high schools and saying, ‘We will take the top 10, 20, 30 percent of your graduating class and we will train them.’ ... This has an electrifying effect on your school because for those who are not going to college, they know high school counts. Right now, out across America, many kids in high school who are not going on to college say, ‘Why bother? It doesn’t matter what I do.’ But businesses — working with schools and community colleges, working with technical schools, working with government — can develop the non-college bound workforce.”



Robert B. Halder, senior vice president, The Juran Institute

Leadership for the 1990s and Beyond

A new style that goes deeper than style

Robert L. Ringel
Executive vice president for academic affairs, Purdue University

“In the contemporary context of a world in which issues are viewed as mutually dependent, interactive, complex, and continually changing, successful leadership will almost certainly rest upon a more contextually dependent, holistic, and intuitive set of beliefs. ...

“The creation of a vision makes the difference between an improved style of management and a transformation to a new level of leadership. We must not confuse management with leadership. ...

“Constructive change always starts with leadership, and leadership always starts with vision.”

How to Get That Competitive Edge

Workers—your unique advantage

Robert B. Reich
U.S. secretary of labor

“All the studies show that American businesses which utilize their entire workforce, which train their workers, which give their workers, all workers, college and non-college workers, good working environments, they are the most profitable. Why? Because any competitor can replicate the same machinery, provide plants, move a plant to Mexico or Southeast Asia. Any plant can compete on the basis of low wages. The only way you will make a profit in this new world economy is if you compete on the basis of the skills, insights, and intelligence of your workforce, and how they’re organized. ...

“Look at the best companies in America. That’s the way they’re competing. They are no longer competing on low wages. ... What we need to do is create an alliance between business and gov-



Congressman David Price makes a point.

ernment that gets the rest of the business community directed and mobilized in the same way."

Quality, value, success

*Ben L. Bethell
Senior vice president,
Procter & Gamble Company*

"Quality is the key to a competitive edge, and a competitive edge is the key to success in the world marketplace.

Total quality is a system, not a condition or state of being ... and the system can be applied to any business or any institution to make it stronger. ...

"Improving systems provides the means to meet the demands of consumers while at the same time reducing costs. The basic truth that business, education, and government will need to live by in the 1990s is that our consumers and constituencies are no longer willing to pay for our sloppiness. People want to know that they are getting what they pay for — whether that payment comes in the form of prices, or taxes, or tuition, or a charitable contribution.

"P&G has seen its sales, profits, and return on net equity improve [sales up 52 percent and profits up 84 percent in five years] . . . I and many others in the company believe that we would not have these results without the application of total quality principles to our business. ...

"The key to a competitive advantage in the 1990s is going to be value. Being competitive is going to take a commitment, not just to meet, but to exceed consumer expectations for affordable quality."

One state, three strategies

*James B. Hunt Jr.
Governor of North Carolina*

"To make our state competitive in the global marketplace, I believe we must pursue parallel strategies of investment. In the short run, we must invest in our infrastructure so that our communities can recruit industry. We must invest in technology, then link it to the factory floor. And we must encourage our industries to invest in skill training. In the long run, we must invest in our people. We must build a world-class workforce, one that can compete and help our state compete."

A Few More Words for Universities

Study success, not failure

*Robert L. Woodson
President, National Center for
Neighborhood Enterprise*

"Do not send any more researchers into those low-income communities asking people about their deficiencies. In business, you learn nothing from studying failure except how to create it.

"Universities do have a role. You need to begin to research capacity. Go into those low-income communi-

ties. Award degrees to people who can come back to you and tell you why 50 percent of families in drug-infested neighborhoods are raising kids who are not in jail, who are not having babies, who are not sticking up people, who are not sticking needles in their arms. Then use your skills to indicate why they have been able to achieve against the odds and what are the common operating variables that seem to explain their success against those that have failed. This would be a useful function."

A word of caution

*James D. Skinner
President and CEO, Editek, Inc.*

"Today, regulations and policies are being drafted to address both the real and perceived problem of conflict of interests. My concern is that they will virtually preclude university scientists from transferring technology to corporations and simultaneously participating in the rewards associated with entrepreneurship. In effect, at the point in time when our country needs to accelerate technology transfer to create new businesses and new jobs, a major wedge is being driven between universities and industry."



James D. Skinner, president and CEO, Editek, Inc.

Strengthening America:

New Economic Strategies

We can do it

“We must have courage, we must take risks, we must make needed investments, and we must face the future without fear.”

*Robert B. Jordan III, then
lt. governor of NC, 1987*

“America has succeeded and overcome a Civil War and a Great Depression, both of which were tougher than this, because it is primarily an idea. We’re not a race, we’re not a fixed set of institutions; we’re an idea that is continually in the process of recreating itself, and that idea requires a willingness to pay the price for the future.”

*President Bill Clinton,
then governor of Arkansas, 1988*

“We must act now, not later. Now, before it’s too late.”

Pollster Louis Harris, 1989

“The strength of our country, the thrust of our nation, its basic policies are formed by the conglomerate opinions, ideas, interests, commitments, ideals, moral values, fears, hopes, and dreams of individual Americans.”

*Former President Jimmy Carter,
1992*

“We need leadership that goes straight up toward higher goals and higher values with courage and determination.... And then we need a change in the line measuring personal commitment on the part of each one of us.”

*Vice President Albert Gore Jr.,
then U.S. senator, 1990*

“This country has extraordinary resilience. ...Every time we recognize there is a problem, we do it. We roll up our sleeves, we put ideology aside, we put history aside, we do it, we get on with it.”

—U.S. Labor Secretary Robert Reich, 1993

**Mark your calendar now for the ninth annual
Emerging Issues Forum, February 10 and 11, 1994**

The Emerging Issues Forum
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1993 Emerging Issues Forum
Strengthening America: New Economic Strategies

Program Agenda

Wednesday, February 10

1:00 p.m. **The Quality Imperative**

Robert B. Halder
Senior Vice President, Juran Institute
Ben L. Bethell
Senior Vice President, Procter & Gamble Company
Robert L. Ringel
*Executive Vice President Academic Affairs,
Purdue University*

3:00 p.m. **Reclaiming Communities**

Marc S. Tucker
*President, National Center on Education and
the Economy*
Richard "Digger" Phelps
*Special Assistant to the President, Office of National
Drug Control Policy*
Robert L. Woodson
President, National Center for Neighborhood Enterprise

4:15 p.m. **Forum Recess**

7:45 p.m. **An American Game Plan**

Robert Reich
Secretary, United States Department of Labor

Thursday, February 11

8:30 a.m. **A North Carolina Game Plan**

The Honorable James B. Hunt, Jr.
*Governor of North Carolina and Chairman,
Emerging Issues Forum*
S. Dave Phillips
*Secretary, North Carolina Department
of Commerce*
Robert B. Jordan III
Chair, North Carolina Economic Development Board
Robert L. Luddy
*Chair, North Carolina Entrepreneurial
Development Board*
Billy Ray Hall
*President, North Carolina Rural Economic
Development Center*

10:45 a.m. **New Partnerships: New Horizons**

C. Peter Magrath
*President, National Association of State Universities
and Land-Grant Colleges*
Larry K. Monteith
Chancellor, North Carolina State University
Debra W. Stewart
*Dean, The Graduate School, North Carolina State
University*
James D. Skinner
President and CEO, Editek, Inc.
Janice H. Faulkner
Secretary, North Carolina Department of Revenue

12:30 p.m. **Luncheon**

2:00 p.m. **Conference Adjournment**

2:15 p.m. **Post Conference Meetings**

*Community College Small Business Network
SBTDC-UNC Business & Technology Extension Service*

4:30 p.m. **Adjournment**



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**“I ask you to join with me
today to form a partnership
for economic growth.
A partnership for investment.
A partnership for our people.
A partnership for the future.
Together, we can make it happen.”**

—Gov. James B. Hunt Jr., *Emerging Issues Forum*, 1993

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