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OFFICE OF GOVERNOR RONNIE MUSGROVE  
INTEROFFICE MEMORANDUM

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**TO:** GOVERNOR  
**FROM:** RILEY  
**SUBJECT:** THE MERCEDES AND THE MAGNOLIA: 2002 REPORT ON THE FUTURE OF THE SOUTH  
**DATE** 6/4/02  
**CC:** DAVIDSON

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**Executive Summary/Background, Pages 5-7**

*Invented Here*, SGPB's 2001 Report on the Future of the South, proposed that a region's performance in the knowledge economy can rise no higher than the sum of knowledge of its people. Industrial recruitment in the South from the middle of the 20<sup>th</sup> century on paved the way for economic success in the region and we saw per capita income exceed that of the national average. Now we are facing an income gap between the South and the rest of the country. The failure to eliminate this gap may be tied directly to the region's failure to respond adequately to the rise of the knowledge economy, where technology-intensive jobs pay an average of 95% more than other jobs. In addition, Baby Boomers are facing retirement and the Census points to a decline in the number of prime age Southern workers.

SGPB's Council for a New Economy Workforce (CNEW) has developed a single goal and 3 recommendations to encompass SGPB's workforce aspirations:

*Create a talent pool capable of meeting current market needs as well as the opportunities of the emerging, knowledge-based economy.*

1. Create seamless workforce systems that maximize client control over the outcomes. We must see the system as a whole (from pre-K to community colleges to training institutions to 4-year colleges) that allows people from all walks access. Organize workforce development efforts around clients rather than around institutions. Businesses must be involved in the design of this system.
2. Identify and develop underutilized sources of workers and talents. Create opportunities for all Southerners (especially women, minorities, retirees and the disabled) to participate effectively and meaningfully in the workforce. This can enhance the quality of life of those individuals involved and can potentially reduce the burden of providing other services to these individuals.

3. Create a self-directed workforce with the attitudes, learning habits and decision tools necessary for making wise career choices throughout life. This recommendation calls for each person to prepare for what may happen next, whether that is a promotion or a new career.

The report focuses on the automotive industry's role in revitalizing the South's workforce. During our textile years, we seemed to assume that no one would ever work more cheaply than we could, so we didn't focus enough on the next economy. Along came technology and globalization and goodbye went low-end manufacturing. The most visible Southern industrial recruitment successes of recent years have been automotive. Every major auto industry recruitment effort has centered on workforce.

In order to provide the foundation for the CNEW's comprehensive, visionary reforms, the South must commit to being upwardly competitive. If we want a higher quality of life, we must commit to competing at an ever-higher level. Workforce development is the linchpin for this strategy. Investments in the automotive industry can also enhance our ability to develop our own entrepreneurs, as auto plants are often accompanied by significant front office and research & development operations.

In his 1999 bestseller on globalization, *The Lexus and the Olive Tree*, Thomas Friedman wrote about how half the world is focused on building the most technologically advanced products and the other half is fighting over ownership of an olive tree. While technological success is critical, olive trees are important because they "...are what root us and anchor us in the world." The South can substitute the Magnolia for an olive tree. The South is a region rooted in tradition, bound for better or for worse to our past. Being bound to our past does not mean, however, that we must repeat it. We just need to get our Mercedes (or our Nissans) and our magnolia in balance.

### **The Current Southern Workforce, Pages 9-20**

This section provides statistical data as to the South's workforce.

### **Recommendations, Pages 21-31**

This section provides a more detailed discussion of #1-#3 discussed above. You might want to review pp. 24-25 which list strengths, weaknesses, opportunities and threats to our region's workforce as seen by members of the CNEW and participants in focus group meetings.

### **State Pages, Pages 34-61**

This section provides programmatic overviews of programs in each state designed to enhance workforce development. Mississippi is presented on pp. 44 and 45 and summarizes the MDA/MS Technology Alliance's Communications and Information Technology Organization of Mississippi.