

Let me begin my part in this program by citing a few figures which emphasize some of the reasons for embarking on this economic survey. These will give you little comfort.

1. In the past 40 years the population of the United States has increased 64 per cent. The Upper Midwest - the Ninth Federal Reserve District - has seen its population grow by only 28 per cent, less than half as much as the nation. Minnesota's population has increased by 41 per cent, better than the regional average - but only two-thirds as much as the nation.
2. Fifty years ago the Ninth District held almost 6 per cent of the nation's people. In population it was larger than the San Francisco District, almost as big as the Kansas City District and a little less than half as big as the Chicago District. Today we have less than 4 per cent of the nation's people. We are but one-third as large as the San Francisco District, one-fourth the size of the Chicago District and two-thirds the Kansas City District.
3. On a per capita basis, income has grown more in the Upper Midwest and in Minnesota during the past 30 years than it has in the nation. But our slower population growth means that total income has not increased as much. We hold proportionately less of the nation's bank deposits than we did a generation ago. For contrast, ours have quadrupled while the San Francisco area's have multiplied nine times.
4. Value added by manufacture has grown more in Minnesota but less in the whole Upper Midwest than in the nation since 1929. But we account for less than 2 per cent of the national manufacturing

output with 3 per cent of the national population.

Why have these developments occurred and what can we do to change this picture for the better? These are the basic questions which we hope the economic survey will provide some answers for. These answers simply are not available now. A former boss of mine used to observe that people know a lot of things that just are not so. We suspect that some of the glib answers that can be given to account for past developments or to point toward the future just are not so. We believe it will take hard digging to get at the real facts, but we hope to get those facts and then we hope the people of the region can do something with them.

Let me outline briefly what we propose to do.

The emphasis in this program will be on analytical economic research rather than on the gathering of statistics. The study will give full emphasis to the natural resource potential of the region, but in relation to comprehensive projections of future consumer, producer and government demands. From a development point of view, resources do not have economic value unless a demand exists for the goods that can be produced from the resources.

Phase 1. How does the present economy of the Upper Midwest operate?

A necessary starting point will be a comprehensive analysis of all existing economic activities in the region from the standpoint of employment, production, income and resource utilization. For each sector of the regional economy and for sub-areas, it is important to know -

- a. whether economic activities depend upon local, regional or national markets, and
- b. the location of other competing activities in the same field.

It is also essential to know about the successes and failures of economic activities that have been or are presently operating in the area and to identify the influences of local, regional, or national factors and of private and public policies on regional activities.

A thorough investigation of the present economy can give a realistic understanding of the economic strengths and weaknesses of the region.

Phase 2. What are the growth prospects for PRESENT activities in the region?

The proposed study program will give first emphasis to an examination of the expansion possibilities in the many important industries and other activities now located in the region. Expansion prospects in these activities will be investigated through extensive field work inside and outside of the region, in present and potential market areas for Upper Midwest products. The field investigation will place heavy reliance on the expert judgments of farmers, businessmen, and technically qualified people as to prospects for future expansion.

Phase 3. What NEW activities can be developed in the Upper Midwest?

In surveying the possibilities for attracting new activities to the region, consideration will be given to

- a. present types of production not now in the area, but which are likely to be expanding, and
- b. new products and new processes which are developing out of scientific research.

As a preliminary step, the requirements for these growth industries will have to be matched with the resources and locational character-

istics of the Upper Midwest region. As a second step, detailed engineering-economic feasibility studies should be undertaken for some of the outstanding expansion possibilities.

Phase 4. Special Studies of Regional Growth Factors

A look ahead may indicate that certain location factors will be of crucial general importance in the establishment of new facilities. Such crucial location factors might be sources of industrial water, water transportation, low cost electric power or supplies of technically trained personnel. Special detailed investigations of these crucial location factors may document the special regional advantages of the Upper Midwest region or may indicate that certain development programs must be undertaken in the region in order for the area to be competitive.

Phase 5. What are the principal barriers to regional growth?

It is important to show either that certain popularly accepted reasons for failure to achieve economic development are true, false, or inadequate, so that the real barriers can be recognized and dealt with. Where barriers are real rather than imaginary, the research program should provide basis for corrective action programs.

Phase 6. Action Recommendations and Implementation

The Upper Midwest Research and Development Council will have only a small central research staff. A large share of the actual research, therefore, will be undertaken on a cooperative or subcontract basis by established institutions in the region. In each case, the assignment will be made on

the basis of the research competence of the specific individuals who will be doing the work.

The Executive Director will be a senior economist with substantial experience in planning and directing research on problems of economic development. He will be assisted by one or two other professional economists at the associate or junior level.