

## **Innovation in the Tri-state Region**

ROBERT WOLCOTT: Thank you to this great new organization, to the Department of Commerce for the support of this organization, to Kelly and her team for a great work so far.

It occurred to me on the way to the program today -- first of all, I'm pleased to be here. Governor, it's an honor to serve on the panel with you, but I realized fortunately that I was precisely the right person to moderate this panel. Why is that? It has nothing to do with my background or the fact that I act like I know what I'm talking about; it really has to do with my pedigree.

I was born in Indiana; I'm a Hoosier; Evansville Indiana. I grew up in Illinois. My great grandfather was born in Illinois, the territory at the time, in 1811. That was actually two years before we became a state. It turns out for our Wisconsin friends out there, my wife and I were in Kohler last weekend for a trip, so I am perfect for this role.

With that in mind, I want to say that we have come a long way in innovation and entrepreneurship in our tri-state area. I remember when I graduated from Northwestern in 1991, I wanted to be in this innovation space in some

way. I didn't know in what capacity.

I ended up with a great number of opportunities. I am so proud to be at Kellogg and doing what I'm doing, but I have to say, Jim, had 1871 been around when I was graduating undergrad, you'll hear more about 1871 in a few minutes, it might have changed my course in life.

It's an environment, an ecosystem that allows entrepreneurs to get together with other people who want to support them, invest in them, advocate on their behalf. Organization like The Water Council; Dean is building that kind of ecosystem. We'll hear about that. Governor, of course, the State of Indiana has been great at supporting business. It's really a business-friendly state.

A lot of this has happened in the last 20 years. There is some very positive change. The most important thing I think we need to do in this region is to think in terms of ecosystem. We've heard the word many times, but it runs the risk of becoming banal. It runs the risk of becoming, "Oh yeah, I know what you're talking about," but do you really know what you're talking about when you say the word ecosystem?

It means a depth of organisms that together support each other in ways they can't do on their own. I'm seeing this around the world. At Kellogg we have a group called

the Kellogg Innovation Network or the KIN. This is a group of innovation and growth leaders from all around the world. I see Lance and Jerry and some others here who have been involved. Jim was one of our early on members and drivers of the KIN.

I travel all over the world looking at other ecosystems. Israel, we're going to Israel next year with a KIN session. I was just in India a couple weeks ago. We have done a lot of work with the Nordics. I see lots of really interesting examples. We'll hopefully talk about some of them here today. Carl Schramm is one of the world-beating experts in how to make this innovation stuff happen. I recommend his book, "Better Capitalism" if you have interest in the topic.

An interesting wrinkle occurred to me when I thought about this context and that is that we want to build ecosystems to support innovation and entrepreneurship, and we're going to do it locally. To some extent it has to be local because that's where business in the first instance happens, but we want to take a regional perspective, and that's great. But there's a conflict here; a very interesting conflict we have to somehow overcome.

That is the conflict between the fact that we're engaged in a competitive environment, competitive economy,

so resources should by right go to the places where they are most effectively utilized.

On the other hand, we're part of a polity. We're part of a community, a wide community, and we want equity. We want people to be participant to have the opportunities that make America great. I am going to share a quick story from an example where this doesn't work, where the conflict is most stark. This is from a part of the world that has been very proactive about supporting entrepreneurship and innovation in a different way and that's the Nordic region.

In the Nordic region, you might not know this, but they've actually been quite successful in various ways at supporting innovation. They have their problems, but I learned an interesting thing from my friends in Norway. You might have noticed that Norway has a lot of money. They have a lot of money from oil and gas. So you become very comfortable.

You become very comfortable, and how do you get people to have the fire in the belly or as Carl points out in his great book, "the animal spirits" that John Maynard Keynes talks so much about? How do you have the animal spirits when you're relatively comfortable? That's one challenge.

Another challenge they shared with me was the challenge of leading a large community and trying to be

equitable when you're trying to drive competitive advantage. What do I mean by this? They said, "Well, if you live in Oslo, the capital of Norway, and you apply for government money, government support for your entrepreneurial adventure, it's very hard to win that money. If you live in Hammerfest, which is a town that on good days has 3,000 people in it, it's right up in the Arctic Circle, you will get the money. Why? Because we decided it's a good idea to spread the money all over the country."

I get it. I understand why that is, but at the same time, if we want to be successful, we have to focus. We have to concentrate and send the money where it's the most effective. So this is one example of we can talk about the rosy picture of business and government working together and everybody is happy and we all want to succeed, but there are challenges we face.

So what I would like to do today on our panel is start to address some of those challenges. We'll talk a little bit about the great things that are going on in our three states, but I don't want to stop there. I want us to say: what else can we do? What are the challenges we face? What are the new directions we can take it? Hopefully we can unlock some of those animal spirits here in the tri-

state area.

So with that introduction, and I'd like to introduce my panel very briefly. We're not going to read bios. I think you all have bios. As far as I understand, it was a pre-req for the session that you actually know how to read. So I encourage you to look up the bios of my four distinguished co-panelists.

The question I'd like to ask each of them to open with is: What is the status of innovation and entrepreneurship in our tri-state region?

Feel free to open with a little bit about your own particular state, but try and say how does the region relate to what is going on in Illinois, Indiana, and Wisconsin. Then, Carl, I'll ask you to bring an outsider's perspective to our discussion.

Governor Pence, what's your perspective on this question?

GOVERNOR MIKE PENCE: Well, first thank you, Rob. I want to thank all the organizers for bringing together an important conversation. This Summit on Regional Competitiveness, I apparently drew the short straw and got the mid-afternoon session.

I just ran into the mayor of Gary who is my friend and a very effective local leader in indeed. She said, "They

saved the best for last." And I said "Well, actually my view is if you took every Friday afternoon speaker and laid them end to end it would probably be a good thing."

I'm delighted to be here, I really am. I gave a lot of thought to this conversation today, and I am actually very humbled to be on the panel with some real thought leaders and am as anxious to hear their thoughts as I am to share a few.

I think your question is a very provocative one. It's a way that we've actually been talking on our team, our secretary of commerce, Victor Smith, is here. We've been talking on our team since I took office in January about innovation. I've often said that I'd like to be an innovation enterprise that happens to be a state government and that we would create a culture that is continuously thinking about both innovation in the delivery of government services and advancing policies that are transformational in terms of having government move at a pace of business and tax payers as opposed to the pace of bureaucracy. But we've also been thinking very hard about promoting a culture -- to use your term, Rob -- of entrepreneurialism in Indiana.

The story of the State of Indiana as we approach our bicentennial in just a few years, has a very fulsome

chapter of some of the great entrepreneurial names in American history. Currently Eli Lilly comes to mind. Madam C.J. Walker, the first self-made female millionaire in the United States and also an iconic leader in the African-American business community.

These were stories and they're legion in number that emerged during what we often call the Golden Age of the State of Indiana. It was a period where entrepreneurialism and capital formation and business enterprise and frankly growth in the arts happened. Booth Tarkington and other great writers at the turn of the century called Indiana home. There was about a 40-year period of time where Indiana was really synonymous with both financial as well as intellectual capital.

So as we approach the beginning of our third century, we're thinking hard about how we catalyze that kind of an environment. We call it "Entrepreneurial Indiana." The policies that we've been advancing in terms of passing an honestly balanced budget, that held the line on spending that reducing income taxes, the recent changes in Indiana that promote economic freedom in the workplace, as well as what we're doing in education areas.

We just received word this week that we now have 20,000 students in Indiana that are receiving an



educational choice voucher. It is the largest and most expensive program promoting educational choice in the country, and we're adding to that a commitment to make career and technical education a priority in every high school in Indiana.

But all of that's designed first to serve our citizens and their interest and their futures, but it also is designed very much to try and create an environment that is conducive to attracting the kind of young, energetic talent that Kellogg talks a lot about and also employs into Indiana as a place where you can bring a good idea and find the resources and find the freedom and the flexibility to grow that.

We're particularly trying to focus -- last thought because this is a panel and an hour here -- the last thought is that there's been so much talk about the new economy in the last 20 years, and we need to look for the new jobs. Indiana has had some exciting growth in the high-tech sector. ExactTarget is one of our great success stories and Angie's List is another. We are committed to that. We just brokered an arrangement for nonstop daily travel between Silicon Valley and the capital of Indianapolis with that in mind.

I will tell you that one of our core strategies is, as

we say in southern Indiana, "to dance with what brung us." The pillars of Indiana's economy are agriculture, life sciences, logistics, and manufacturing. And looking for how we can promote policies that'll encourage capital formation and investment and entrepreneurship in those areas and then focusing on reaching out across the economy in this country and across the world to attract investment in those areas is a centerpiece of our strategy as well.

Growing where we've roamed (phonetic) before creating a climate of innovation within state government but also pursuing policies that are intended to promote an entrepreneurial Indiana is very much in the forefront of all that we're thinking about in public policy in the Hoosier state these days.

MR. WOLCOTT: Great. Governor, I would like to pose a quick question, but I'm going to give you a few minutes to think about it while I pass to the next panelists. I was well prepped by this media team.

What would be a challenge that Indiana still faces to become more innovative, more entrepreneurial? It's an ongoing challenge of course. What would be a challenge that the state faces where having a regional perspective could help?

Okay? We'll come back to that.

Jim O'Connor, currently running 1871, as well as Manager Director at MVC capital. Take it away, Jim.

JIM O'CONNOR: That was awesome. Thanks, Robert, and appreciate being here today with all of you.

I'll just give you a quick vignette of what we're doing in Chicago. It's more of a parochial view but give you a context on how we see the region.

1871 is the organization that I'm currently running. It's located in the Merchandise Mart. It's a 50,000 square foot co-working facility, and it's great because if you think about the Merchandise Mart, one of these great iconic institutions in the city that happens to also be right along the river and also along the 'L' and the Metro and the Edens and Lakeshore Drive, so it's a perfect place to have young startups or young at heart startups because many of these folks who come in there come from different industries.

We have 242 companies in there, roughly 600 people in there as well with a team of six who runs this organization. It's been a great effort by a number of the folks in the community that all came together.

Something you mentioned earlier, Rob, on the importance of community, I can't emphasize that enough in Chicago or in the Midwest. We think differently here.

It's just a fact. I love people in California. I love my New York partners, but they don't think like Midwesterners. You hear it all the time.

MR. WOLCOTT: Give us an example.

MR. O'CONNOR: This is a classic example. We had the other day a major corporation come in and say they wanted to look at a couple of companies, so I just grabbed three of the companies in there and had them all come in.

They all were very conservative, very humble, but one of them had come from -- he was a chief information officer at Orbitz, so he had significant technical experience, the other had been a GE engineer, so New Six Sigma, the third had worked in product management at Kraft. So they were all entrepreneurs with very conservative tendencies on how they looked at a company.

They didn't come in and give a hockey stick type deal, and say we can't back it up. They came in with very stage-gated financing mechanisms. They knew what they needed to do to get on a larger platform of a big company. They did it in a manner that was very humble.

Again, it's really how it happens. It doesn't mean that folks here can't celebrate wins like others, but they talk about it in such a way that they know if someone's going to invest money in them it's their honor and it's

their word that matters. People really resonate with that kind of effect. We see that all the time. Chicago is obviously just a microcosm of the overall area, but every person in 1871 for the most part has come from Wisconsin or Indiana or Iowa or Ohio State. It's really a Big Ten reservoir in there of activities.

I always say the only time states should be rooting against states is on Saturday at twelve o'clock when Indiana is playing Wisconsin in football. We win together if we think like that together, and I think you see that in this incubator that we've got at 1871 coming to life.

MR. WOLCOTT: The other thing that I will add, Jim -- I've experienced this many times that the beautiful thing about having an 1871 is when you get visitors from other countries and other cities they hear about it, and they say, "I want to go see that." You show them around, and it's exciting. There's an energy there. It's impressive. Even if there's nothing going on, it looks impressive.

MALE SPEAKER: There's no doubt.

MR. WOLCOTT: It really does. So it attracts them back. It causes them to say, "Man, there must be something going on in Chicago that I didn't know about." It's that critical mass that we finally seem to be getting in the city.

And then how do we extend that out to the region? What is the role of an 1871? You have a broader purview as a business leader and MVC Capital and private equities. You used to be at Motorola and a range of roles.

MR. O'CONNOR: Sure. I think the notion of 1871 again, if people hadn't figured it out, it's when the Chicago Fire occurred, obviously. After that there was an incredible amount of entrepreneurialism that occurred in the city. You had Montgomery Ward. You had the Swift Company. You had all of this that got up to the 1893 Columbian Exposition. It was a great time of economic development.

Obviously, similarly it happened in Indiana and other states. We use that theme to really spark what we thought was what we needed to do here in Chicago, which was kind of the phoenix rises from the ashes. For lack of a better metaphor, you build a shining city on a hill. You have to have a place where people can go.

Our most recent hire -- sorry, Governor, but she came from University of Indiana at 22. She grew up in a farm town. She had already started two businesses and wanted to come be in Chicago because she liked Lincoln Park. That's great. I would love for her to be successful and in two years time, go start a business Indiana. That would be

fine with me. I would just rather she doesn't go to England or Silicon Valley because I think they do just fine there.

So the idea of taking that notion of community across 1871 where the city all works together with the pillars of government, nonprofits, venture firms, private equity firms, and really thinking about community is key. I think that's what we have to take across regions because the Midwest wins as a region. We all win as cities and individuals in these areas.

MR. WOLCOTT: Great. We'll come back to that. I'd like to get some examples of specific things that we can do to generate that regionality.

Dean, tell us about The Water Council. You informed me earlier that when it was first opened it was called something like the Milwaukee Water Council, so it's a good change in the name. You say we're about the mission and we can play worldwide. We're not just here in Milwaukee. We happen to be located in Wisconsin. Tell us about it.

DEAN AMHAUS: Milwaukee Water Council was started out of a regional economic development effort about six or seven years ago when we identified that in fact we lived by a lot of water. I say that --

MR. WOLCOTT: You paid somebody to figure that out?

MR. AMHAUS: It took us a long time. We spent \$1 million on that one. We got good results.

It's one where growing up on the Great Lakes you become so accustomed to seeing that and you don't realize that you have this really precious resource that when anybody flies in from somewhere else in the country or across the world and of course the first thing they novel (sic) is this ocean that's out there. Then they also realize the cleanliness of our water, not only the lake but also the rivers.

The aha moment as we were going through this regional economic development effort was the fact that we had companies that had a 100-year history that were all dealing with water technology. Paul Jones, from A.O. Smith Corporation that has been around for a century, company that has evolved but also dealing with the treatment of water, Badger Meter, other entities.

And as we started to look at these companies we found that we had 150 in the region. They didn't make sense because there was no code for them. All too often we fall back and look at those business codes and NAICS codes and SIC codes. There is no code for water technology.

Have to say to the credit of the founders of the organization, they said scrap all of those codes. This



simply makes sense. To start pulling together these water technology companies.

But even more importantly was the academic resources, and I think when we talk about innovation we can't talk about innovation without talking about academia and industry working collectively together. So when we often talk about our cluster, we really put industry and academia together in that realm. We can't separate them because we need each other for talent but also for the R&D aspects of things.

It is a culture, and in fact we just opened, about two weeks ago, the Global Water Center. To come back to your question, we started out as the Milwaukee 7 Water Council, and then we dropped 7, and we just became the Milwaukee Water Council.

A year ago a realization of what we had grown to was that we were already working in Chicago. We've got board members that are on our organization that are from Chicago. We're out into Madison and other parts of the State of Wisconsin. In fact, we're starting to go national and in fact, working internationally. There's an obvious realization that we have become just "The Water Council". So it was sort of a statement of fact.

Coming back two weeks ago, we opened up the Global

Water Center taking this idea of innovators and entrepreneurs coming together but then throwing in a little bit of a different mix. We've got century old companies that are in there as well doing their R&D in the same space as two-month-old entrepreneurs.

You have university researchers that are in the space. We've got service organizations and literally throwing them into a building, a 100,000 square-foot building, and let them have coffee together and run into each other in the elevators.

It's interesting. Why would a company like A.O. Smith or Badger Meter who have big research operations 20 minutes away from our own building establishing research operations in this particular facility? Because they want to be part of the ecosystem. They want to know what's coming out of those graduate students, out of those faculty members. They also want to know those entrepreneurs, and it's vice versa going back and forth.

You literally put them together, and then those things start to create. It is this culture. You can't force it at all. They're talking about it in Russia. It is not something that we're doing. It is again, just a very natural aspect. We have naturally and organically moved into Illinois. Now our next challenge is how do we move

into Indiana as well and be able to work as partners with that.

MR. WOLCOTT: You have a conversation with the Governor after the session.

MR. AMHAUS: I'm sure.

MR. WOLCOTT: I want to underscore this notion of the ecosystem. You glided over it, but I want to emphasize how important this opportunity for a VP at Badger Meter to sit down with an entrepreneur and not just set up a meeting a month from now but to have ongoing connection and collaboration.

At the KIN, we like to say, "Never leave serendipity to chance." That's one of the things that a well-functioning ecosystem does. It enhances the likelihood that you're going to meet someone or connect with somebody you hadn't planned for that adds a lot of value to both sides. That's really exciting what you're doing.

MR. AMHAUS: It's one thing -- you hear often times in these incubators and they bring in the mentors the first Thursday of the month. The mentors in our facility are there every single day. In fact, the CEOs are hanging out in the café because they're having meetings there all the time.

So it's interesting as you see these entrepreneurs who

walk up and they're saying, "Aren't you the CEO of this company?" "Yes, I am," and they just start talking away. You can't manufacture it. It has to happen at that moment.

MR. WOLCOTT: I love the fact that you're organized around an issue area that also generates lots of opportunity, and it's meaningful. So there's a purpose, and there's something that motivates people to be part of it.

Carl, I wish we had an hour and a half just for you to talk because you have spent a couple of decades simply looking at this grand challenge, spending many of those years at the Kauffman Foundation supporting people around the world in this effort.

As an outsider from the region, what's your perspective? How do we even think about this issue of regional innovation and entrepreneurship? What does it even mean?

CARL SCHRAMM: I want to emphasize something Dean said about us looking but not seeing. I began my life as a professor. I was born in Syracuse, and I became a professor at Johns Hopkins in Baltimore after getting my degree at the University of Wisconsin.

As it turned out, I started a company -- I was an entrepreneur by mistake. The company grew, and I couldn't

be a professor anymore in those days, so I became a businessman. Later on, I got to take over a company in Milwaukee. My wife would only move if we could have a house on Lake Michigan, so we bought a house on Lake Michigan.

I went back to the company and said to my executive vice president, "We bought a house on the weekend." He said, "Where about?" I said, "Up on Lake Michigan." He said, "Oh, you did?" I said, "Did I make a mistake?" He said, "Well, you know, if you'd have moved two miles inland, you'd get 10 more days of summer." So it's all a matter of perspective.

Now, as I said, I grew up in Syracuse. Once upon a time the 12<sup>th</sup> largest city in America, and for a little bit like many cities, it was the richest city or very close to the richest city. In 1920, households in Syracuse had more income in the households than people in Philadelphia or Cleveland or Detroit.

You'd never think that, but that was the first Silicon Valley. It was unbelievably rich, unbelievably rich. I tell you this because one of the things that keeps evading us is some very huge dynamic changes underneath, which often times discussions about growth and entrepreneurship by region don't catch. This is the first observation I

make. I'm going to make three.

One is in those days there was basically no federal government. Ours was a nation of cities. The cities were contained to themselves, and they actually each fought with each other, and they actually all had their own identities just like Milwaukee and just like Indianapolis as the governor said. They had their mark. They knew what they did. They made stuff that nobody else did, and they made it better than anybody else.

Now, we have a federal government, and instead of civic leaders, the owner elites in places, in the state capitals and in each city, basically all of the thinking is basically delegated out. This is a huge profound change in the way that we think about this, particularly when we try to think about growth strategies.

The reason I point that out is because it's not unimportant to try and wrestle this back, and I would suggest that the difference that we're watching around the country is in fact very indicative of something really important: signaling behaviors.

The signaling behavior is going on in Chicago suddenly because I can tell you 12 years ago if you said venture capital in Chicago people would say there's none. No venture capital in the Midwest. Some in New York, a little

bit, now there's a huge amount. It's all in Silicon Valley. There's a signal going on here.

In Indianapolis, quite a different signal. Indianapolis is saying look -- they're saying something in Indianapolis that New York can't even conceive of. I just talked to the Business Council in New York on Wednesday night, and it is so tragic, but the signal coming out of the governor's office is, "We're pro-business. We run a very tight budget. We run like a business." If you don't think that signaling behavior is consequential, just start looking at census data of where people move.

Now in New York, one of the problems with liberal analysis of the world is liberals always vest in the vision that people are not sensitive to signals particularly around taxes, and the evidence is totally in the opposite direction.

You can watch where people are moving on a census tract. Actually, there are counties in New York that are losing people to Indianapolis, actually to Indiana. It's no surprise. That's just the tax signals.

The second point I want to make was this: when we talk about ecosystems, there's a terrible risk (phonetic) that we all say, when we say ecosystem like so many of us process. I'm sure the Governor remembers back in Congress

when I would go to talk to a congressman and I would say, "I want to talk to you about entrepreneurship." I could read the face. Some of them said, "Oh, he's here to talk about small business administration." The others would say, "Oh, he's here to talk about venture capital." "No, I'm here to talk about entrepreneurship."

So when you hear the business of ecosystem, people really hear Silicon Valley. The point I want to make here is just like states play completely different roles through time and cities play roles through time, everything is dynamic and the ecosystem that will be built in Milwaukee and Madison will be different if it's going to be successful and has to be different. It has to be indigenous.

If we go back in history Milwaukee, Madison, Indianapolis, Chicago, these spring -- as the Romans used to say, it's locus genius. It's the people there. They're going to do it. It's not going to come in from California. You're not going to wrestle it in from California. It has to be born of the place. Each place probably has to have quite a different formulation.

The last point I want to make is we can't look to the real suspected places where you would think things might be. It'll be triggers in indigenous and ideologically,



idiopathically different ecosystems from place to place.

The point I want to make is this: I'll give you a horribly tragic regional story. It's good for you guys, but it's horrible in New York. In New York in 1960, New York is on parity with California on a per capita -- so we're adjusting for per capita -- amount of funded research in the state. Today, California per capita gets four times as much federal sponsored research as the State of New York and seven times more industrial research.

So everybody in New York was wringing their hands saying holy smokes, holy smokes. There's no industrial research here. Well, within less than an hour's drive from Cornell is the headquarters of Corning Glass, which does \$750 million of research, which is more sponsored research than Cornell gets in upstate New York.

Round up the regular cast of characters and guess what. Probably right under your nose just like Lake Michigan isn't really water, it's a summer theft in certain people's eyes -- in each home place there are resources you cannot even begin to imagine. I think that's the third thing that I say is as you tailor these things, never, ever miss the particulars that every single place has.

MR. WOLCOTT: Great. Carl, one of those particulars that we have -- I haven't heard it yet today although it

sort of lingers under the surface is if you think about Silicon Valley, great place not dissing Silicon Valley, but how many global corporations are headquartered in Silicon Valley outside of the technology industry? Very few. Maybe an insurance company here or there in San Francisco.

Here in the Midwest we've got a large number of global corporations headquartered right here, so how do we connect these big companies with the entrepreneurs?

One of our good friends, Matt McCall who is a venture capitalist here in Chicago with Pritzker, said, "My startups, almost every one of them, if they succeed they got their start because they got a contract from a big company. Would you rather have a million dollars from a venture capitalist or a half a million-dollar contract from a corporation to buy or service the product? That's a rhetorical question, by the way.

I want to shift now back to this regional thing and pose the question back to the Governor. What is one challenge you see in your state that if we were to take a regional perspective could help?

GOVERNOR PENCE: Well, let me say I'm even more grateful to be on this panel. I used to be in Congress for a while. I feel like saying, I want to yield the balance of my time to this end of the stage. Just so you know,

Jim, in terms of the young lady who liked Lincoln Park, my daughter is a sophomore at DePaul University, but we do expect her to come back to Indiana.

MR. O'CONNOR: Except she wants to get her degree at Kellogg later.

GOVERNOR PENCE: Okay, I'll let you work on her.

I think it's a very interesting question. We've had some collaborative efforts. I know that Governor Quinn was here over the midday. He and I had a regional conference with a lot of different stakeholders on the subject of the Illiana Expressway. My mind first goes because I get up every day and I think about how to make Indiana more prosperous, how to tell Indiana's story.

So it's not a reflex for me to think regionally, but we were very open to working with and we continue to work very diligently with the State of Illinois to see if we can find out a way to have the kind of infrastructure that will maximize this region of the country and specifically the Illiana -- those of you who may not be familiar with it -- is a southern artery that would essentially move most of our 18-wheel traffic south of Chicago over to I-65, so that it can move south, and then you open up for communities like Gary and Merrillville and Valparaiso. You open up from Indiana's perspective an awful lot more opportunity

for Hoosiers to come and go out of Chicago much more readily without the industrial heavy traffic and that.

That's a collaborative effort. It's not a topic of this particular regional summit, but we're deep into the process of building a couple of new bridges in southern Indiana. That's been a collaborative effort with Kentucky.

Now you want to talk about competition, getting Hoosiers, particularly during basketball season, to work with people in Kentucky is not easy, but my predecessor and our administration have leaned strongly and affirmatively. Governor Beshear was in my office last week. He drove up, and we had our latest conversation about that project.

I think infrastructure is one of the natural areas where you have to think regionally because the roads don't stop at your borders, and to the extent -- I know some people on the East Coast and on the left coast when they fly over our part of the country, that's what they call it.

Some people think we're in the middle of nowhere. You hear that majority, and you see it sometimes in the way we're characterized in popular media. But the truth of the matter is we're in the middle of everywhere. The truth of the matter is other than our people, which I'm going to speak to your point in a moment, which was very eloquent, other than our people, our location is our greatest natural

asset in this region. So making sure that we have the infrastructure that will maximize the invitation of capital into this region is I think the most natural place for us to think on a regional basis.

The other area -- and this was provoked a little bit by Jim's comment. I've just returned from Japan. I see several Hoosiers in the room that made the trip with me, and I think we're all over jet lag. We were struggling with that last week at my house. One of the things that I said -- we have 247 Japanese companies in the state of Indiana including all three of the largest automotive OEMs. We're the only state in the country that has all three.

I sat at forums like this in Nagoya and Tokyo, and this is probably true why they are in the Midwest broadly, but I said, "I think you're in Indiana for two reasons. Number one is we have a common economic heritage. We make things, we grow things, and the people of Japan have that similar heritage." But I said, "I think there's another reason why the Midwest is so attractive and been such a good place for Japanese investment for 30 years."

I said it had to do with values; hard work, integrity, modesty, family. It's those heartland values. And when I would say that, Jim, in Japan, everybody in the room was doing what you're doing right now. Every one of them once

the interpreter would catch up to what I was saying, you could see it in the room. Everybody was going, "Right. Right."

So I think that another way we might think regionally is telling the heartland story.

MALE SPEAKER: That's a great idea.

GOVERNOR PENCE: Telling the story about -- because you can probably tell in the edge of my voice at that last comment, I get a little bit tired of the characterization of the Midwest that we get in the popular media. I really do. We're really a very dynamic part of the country. I'll speak just about Indiana for a moment. That's what I'm an expert in.

You see in a broad range of areas of the economy you see incredible dynamism and incredible innovation. You see some of the smartest and brightest and best people in the world coming our way and have been our way for a long time. The ability to tell the story about what's happening in the Midwest might be another area that I at least would be open to thinking about on a regional basis and how we just extol the virtues both economic and recreational and quality of place that is the Midwest including cost of living.

Small anecdote; I just heard this last night. We were giving out the Governor's Arts Awards in Carmel, Indiana at

the spectacular Palladium Center for the Performing Arts, one of the premier showplaces for any community in the country. We were handing out awards. Sydney Pollack's family received an award and all the rest.

But anyway, the local mayor says to me that following on the heels of a recent economic development announcement where a West coast company announced that they were coming to Indiana. But now there's been a little bit of a challenge that's developed because the original plan he told me was that some of the executives from the West Coast were going to come and move to Indiana.

But he said, "The truth is that the first few to be coming out and to be looking for houses and buying houses have begun to tell people back on the West coast how much a house costs in Indiana." He said, "Now they have a tremendous amount of interest in their workforce on the West coast moving to Indiana."

That cost of living -- and I'm more than happy to brag that our property tax rates and our income tax rates are lower than some neighboring states -- but in point of fact, the cost of living broadly and the advantages in terms of quality of life here in the Midwest are a story that we could tell better. It represents a tremendous advantage for this part of the country; the best people in the world,

the best location in the world, and maybe we can start to work together a little bit more collaboratively to tell that story to the rest of the world.

MR. WOLCOTT: That's great, Governor. We haven't heard that specific point, which is how do we work together to tell a regional story. First of all, what is our regional history? You outlined a few of the points, and I think they resonated with all of us. You felt it when he was talking about that, so how do we figure out what the story is, and then how do we work together more effectively to tell that story? Business, government, nonprofit, chambers of commerce, et cetera.

Jim, Dean, Carl, any ideas? How do we generate a regional story, and what do we do with it?

MR. O'CONNOR: I'll just take a shot at it. I look at something like this, and I think we have to be creating a narrative. We have to be more comfortable with saying, "We win here." You see it locally with the Blackhawks. When you win in Chicago, people are proud of winning. People love to win in the Midwest.

It's funny that you said that about Indiana and Kentucky. I have a buddy that's down there. It is intense between Louisville and Indiana in hoops. They compete on everything, but you know what, we want to win here.



I think something like telling the story, a book like this said -- you teach the kids, "Did you know Walt Disney was from Illinois?" People don't know that stuff. It's out there. The tinkers that started in Indiana and Illinois and Ohio, these are the guys and women that started so many of the great American companies that people just don't know.

And what I feel is in Chicago and in the Midwest in general we have this weird inferiority complex that we don't need to have. So the other day when Braintree was bought, local Chicago company, for \$800 million, that's a huge win. We should celebrate it. The fact that we have 28 of the Fortune 500 companies here in Chicago, that's great. We should celebrate it.

I think these are fantastic things that we don't talk enough about. So as a practical matter I'd say, tell the narrative more so people understand it and are proud of it and really know the data. Then also think of ways that we can connect the dots more throughout the different communities.

So I look in a room like this here today and I see Scott Swanson of PNC who does a lot of stuff locally here but he's going to think regionally. Our group came from Jerry Roper and the Chicagoland Chamber of Commerce. We

connected in that in getting into the middle market. Teresa who is in charge of the organization and I were classmates at Leadership Greater Chicago, which was an organization trying to get groups, young people to learn together.

So there's that connective tissue throughout this region that is pervasive that other areas simply don't have. You go to L.A. and you don't know what's going on with who's there. It's all about media. It's kind of a different vibe. You're here, and on any given weekend you can feel it.

I'll just give you one example and then I'll pass it on. Last weekend I drove up to Cedarburg, Wisconsin with my kids for a soccer tournament. My wife posted on Facebook, and sure enough, her cousin says, My husband, Joe Hammes, who's one of the top players in the Milwaukee League, is hosting the tournament in Cedarburg. He ended up meeting everyone and knowing everyone.

That's why the Midwest wins because it's so small. They always say Chicago is the smallest big town. It's the same thing as the Midwest. Everyone is going to the different schools. They're connecting the dots on companies. They want to work together and win. I think it sounds a little like happy talk, but if you really get down

to the brass tacks on it, we're much more intertwined on levels that make us better as a region than we think, and we need to say that more.

MR. WOLCOTT: So reflecting and using what you've got that Carl mentioned earlier, but I want to say that the downside of being so interconnected and happy talk and all this stuff you were talking about, there's a big upside to that. The downside of it is we can become inwardly focused. We can become too inwardly focused and it's all about Chicago or it's all about Indiana, and this is what we're here to talk about.

How do we rise above that to see a regional perspective? Second, if we are able to figure out that regional perspective, how do we take it to the world? How do we tell the heartland story? How do we make connections? So there's a perspective in people's minds other than the Bulls or the Blackhawks or a flyover country. How do we create a perspective in people's minds that says, "I'm going to do some business there?"

Carl, you see these initiatives all over the world. Is there anywhere you can think of where they've created a powerful story intentionally, started promulgating it, and it turned back on them and made a major impact? It helped their development. It helped them rise and change and

transform. Can you think of an example of something like that happening in the world or are we making stuff up here?

MR. SCHRAMM: No, the evidence is pretty clear. Actually, I have been puzzling -- I teach two courses at the university. University professors aren't supposed to teach, but I always think you learn much more from the students. You're basically trying to sell and test ideas.

The big idea that I have been trying to worry about is whether or not the city is going to come back. In my analysis I think we have about 26 cities in the United States that are never coming back. Good news, Governor, none of them are in Indiana. None of them are west of the Mississippi. These are cities that are so broken it's not clear they could ever come back.

I begin with my hometown of Syracuse, which when I was a boy, was 52<sup>nd</sup> largest city in the United States. It's now 217<sup>th</sup>. How does that happen? What kind of a story can you tell? I'd be very, very interested in exactly -- I teach a course called "Failed Cities, Best Cities," -- to do the dialectic juxtaposition.

We have some of those cities in the United States but of course the winner of all is Dubai, where people actually saw movements -- and this is the other issue because if you think about my remarks, cities were local and then we got

to be a big federal place, and now Dubai is in many ways the first is self-consciously global city of our time. New York kind of happened accidentally. It wasn't global.

It was us America proving ourselves and all of the freedom in our society and all of the wealth in our society made New York happen. It was actually quite accidental in a way. Chicago is the same way. The fastest growing city in the United States. Actually for a while, it was the fastest growing city in recorded history. Chicago came out of no place to sell Wisconsin's lumber is what the history tells us of how it starts. I think there are cities to look at. Mumbai is one. An existing city that is redeveloping its entire idea.

MALE SPEAKER: Dubai or Mumbai.

MR. SCHRAMM: Mumbai, Dubai, okay. To make a case of Shanghai, I'm not such a believer. I think the Chinese economy is so weak, but the case is made that Shanghai did it. Particularly Pudong, south of the river, where it was engineering to make your world statement.

In a sense, no place is big enough in the United States almost any more to do it. So in a way it has to be regional. This region could win, but if I could speak truth to power, the difficulty here is Illinois. These are political difficulties because as we move from small to

large, the signals coming out of a lot of the Midwest are amazingly powerful, but if the region basically said this is the region where people really do business.

The Eastern states are ridiculously high taxed and the overburden of what has to be fixed is so bad, so enormous it can't happen. California has committed suicide. The Midwest has a tremendous opportunity, a fantastic opportunity, but everybody's got to do it because otherwise the conditions in the Illinois state government will basically poison the entire picture. That's the real issue.

MR. WOLCOTT: What's one thing we can do to seize that opportunity and then Dean, I'll hand it back to you. Dean, go ahead.

MR. AMHAUS: It's this idea of how do we position ourselves. The fact that, you talked about this, we don't look at ourselves within our small region. We are literally on a global scale. This is small, small standpoint of, in terms of the geography when we're competing on a global aspect. I have had the fortune of being able to travel a lot around the world talking about what we're doing here in Milwaukee and within the region frankly, and the first picture that I put up is about the Great Lakes because they have no idea where Milwaukee is.

So we use Chicago and we use the Great Lakes as identifiers.

So it's to your point; utilize your greatest resource. Visually people know the Great Lakes. Put that out there. But it is a frame of mind also from how we see ourselves. When we went through our research and identified our strengths, we came to realize that we didn't have any other competitors in the United States. Our competitors are in Singapore, Israel, and the Netherlands.

So all of a sudden our frame of mind is totally global. So we are on a weekly basis bringing people in from around the world and we don't even give it a second thought. It's just this is the way we do our business. We've got three to four delegations coming in in the beginning of October because we're bringing in from a big international conference in Chicago. They can easily come up to Milwaukee and to take advantage of that.

On the other point from innovation and VC. Often times what you hear are these swooping VCs coming in and they're going to take the companies out. What we're hearing from the VCs are, "No we want to keep the company in Milwaukee because that's where the concentration of industry and academia are."

MR. WOLCOTT: I'll build on that. Governor, you were

talking about the culture, and, Jim, you mentioned the values. Google, many of you know, has been buying a lot of space here in Chicago. One of the reasons they tell all of us is, "You know you have a lot of engineers and they stay. You hire them and they're actually interested in their W-2."

You go out to Silicon Valley and you hire someone somebody there, first of all, they're double the cost, and second, they're probably only with you for 11 months because they got a better opportunity from somebody else. So there are a lot of assets here that we can take to market.

We have about 15 minutes left. I'm going to open the floor to questions but a very important note, we're not looking for comments posing as questions. We're looking for questions. You're all accomplished people, so I want to hear from you. These are the people that are on the stage. Let's pose some questions. Sir?

Q: (Inaudible 0:51:28.4) Longworth. At an earlier panel, Governor Walker of Wisconsin when asked about the branding of this region said that the branding of this region is Chicago. When you're operating globally, you brand yourself as a Chicago region.

A couple of questions for Governor Pence. First, sir,



would you go along with that? Secondly, apart from the Illiana Expressway, what sort of cooperation can be done between Indiana and Illinois to overcome the really rather poisonous competition we've had between the two states?

GOVERNOR PENCE: First, I think this area is mostly identified with the Indianapolis 500 mile race globally.

MALE SPEAKER: I'm sorry, what is that?

GOVERNOR PENCE: There's a larger urban cluster to the north of Lake, but it's not -- it was. I was on the Foreign Affairs Committee for years, and I would be off in some of the most obscure little embassies in the world, and I would say, "Indiana," and they would say, "Indianapolis 500." I'll leave it at that.

I like the idea of the heartland to be honest with you. I said a while back I think Indiana is the heart of the heartland. There is an identity here. I think Jim just said it very eloquently. There's something about the people in this part of the country that is just tremendously admirable.

We didn't even get to mention the generosity of people when their neighbors face difficult times. The City of Indianapolis yesterday just stopped for the funeral of a police officer. It just stopped. We had 4,000 people that turned out at our basketball arena in Indianapolis just to

stand alongside this whole family. People got out of their cars and lined the streets of Indianapolis. It was just profoundly moving but not surprising.

It's those values you talk about. I think there's a commonality of purpose there. I really do think it represents a great opportunity for collaboration going forward. I think there's another piece here that I am at least provoked to mention. Dean mentioned this a minute ago.

One of the great assets that we have in the Big Ten is globally recognized universities. My son's at Purdue University. He's turning out -- those great students. One of the things that we've done in Indiana in the life sciences space is we've stood up this year and designed after the Broad Institute in Boston an industry-led Indiana Biosciences Research Institute.

The state of Indiana put \$25 million on the table as seed corn. Lilly Endowment locally just put up money for that. We're expecting contributions from other life sciences companies to create a place where university research can be brought together with private capital to create the new ideas and the new ventures of the future.

So I do think one of the great assets of the region and certainly in the Hoosier state is the great

intellectual resource we have in places like Indiana University, Purdue University, our colleges, Notre Dame of course, and others and finding ways and platforms that we can bring those folks together with industry in more effective ways through the commitment Indiana has made. I think that holds great promise for the future.

MR. AMHAUS: Can I just add on that?

MR. WOLCOTT: Please.

MR. AMHAUS: We were very fortunate with industry and academia work together. Our cluster was driven by the industry and academia, but what was terrific was that government both at state, local, and federal were supportive. They didn't necessarily lead at all, but they were there when we needed them. They provided the flexibility to adapt to our needs as a cluster and that was huge.

GOVERNOR PENCE: I think that's a neat affirmation because one of the fresh things about the Indiana Biosciences Research Institute is that it is truly industry-led in Indiana. The State of Indiana is trying to come alongside, encourage, promote, move it forward, but it is led by our medical device industries, our pharmaceutical industries, our animal sciences industries, and it's a cluster that we're trying to bring together with our

publicly supported colleges and universities. But the industry led it is a real key that we think, and it looks like it's working for you.

MR. AMHAUS: It's -- because they can provide the state and local -- provide other resources that we can't necessarily provide at all and just having that -- not even the dollars -- the statement of support that we've received has been tremendous.

MR. WOLCOTT: There's people who argue that we just need government out of the way. I will unequivocally say that that is not the right solution. Government can play a whole lot of roles -- but catalyst. You used this word, Governor, earlier. Being a catalyst for this kind of activity. You definitely want the private sector there in the middle supporting, engaged, and maybe even leading in many cases, but government can convene people.

You can call people together, and when you call up and say, "Hey, would you come down to the state?" they might actually show up. There's a real power to that that we don't do enough of. Governor John Hickenlooper in Colorado was part of the KIN. He came to the KIN a few years ago and said, "We need one of these in Colorado." So he started the COIN, Colorado of Innovation Network.

We helped him set it up. It's all his thing, but the

really exciting thing about it is he's got one person who coordinates it from his office that's paid for by industry, and all the resources for the COIN come from industry.

The governor provides his bully pulpit, his ability to convene, bring people together, and you know what, they have quantifiable proof that so far this is having an impact on business commerce in the state of Colorado.

So I think we have time for one more question.

Q: I think the Governor hit on the intellectual property that's being developed at Purdue University in Indiana. There's a lot of intellectual property at our institutions sitting on the shelf waiting for commercialization. Is this an opportunity for collaborative efforts in the tri-state area?

MR. O'CONNOR: I'll take a shot at it. We worked on that at Motorola. We had a huge amount of patents. Absolutely. If you think about it, where I think the solution is here on a simple level, again thinking region not just parochial, you have to have one, have government doing what they do.

So here the Mayor's been a big supporter. The governor did a lot to help us at 1871. On the federal level, you've got guys like Congressman Bob Dole and others that have tried to do this.

By the way, starting business and creating business is a great thing. It's very patriotic. We had Steve Kasen (phonetic) the other day at 1871 talking about the rise of the rest, which is a great theory. I said to him if you go back and look at de Tocqueville in 1836, he talked about the American patriotic element of entrepreneurialism. That was his interpretation from a French standpoint. So government should be doing this. It's good.

The second thing is on the company level as you just mentioned. Companies need to do two things. Do a good job at commercializing in not only their patents and IT but spinning things out or reaching out and helping. You mentioned the Matt McCall story; helping a start up by giving them an initial platform. That's worth more than venture capital money any day.

The third thing is with the universities as you talked about. That to me is our number one asset. Let's be clear what happens here. No one talks about again the positivity of -- Chicago is an example -- of the top five film schools, two of them are in Chicago; DePaul and Columbia. It's not Hollywood, it's in Chicago. It's great.

Where's the best security technology? When I was at Motorola, it was at Purdue. That's where you would go. The University of Illinois, as you know, Carl, one of the

top. We did a study when we were at Motorola; 35 percent of the top engineers in Silicon Valley had a U of I connection. So the travesty of what happens is we pay our taxes here so the kids can go to these great schools like Champaign then California big companies fly their jets down there on a non-good weather day, send them back, and it gets worse --

MR. WOLCOTT: You think he's joking.

MR. O'CONNOR: No, I'm serious. You can study it. Then the state pensions and all the different regions, on the venture firms out there then say, "Hey, you need to come live or have your company within 20 minutes of my \$10 million home." I find that insulting in my mind on a Midwest level. That element of university is key.

The last thing is the serial entrepreneurs. That is a big part of it going back to the history. People may not know the CEO of Twitter is Dick Costolo. He's from Wilmette, Illinois. You can go down the list over and over. The serial entrepreneurs are a big part of the Midwest fabric, and if they can stay and help -- they can do a stint out in California, no problem -- come back and help us and maybe help commercialize some of that technology. That will make a big difference.

MR. WOLCOTT: Carl, I want you to address this

question in a second because you know probably more than anybody about it, but I want to emphasize something that Jim just said, and I want to make it very specific. About four years ago I was at IBM Almaden Research Center in San Jose; very academicish, government-like sort of place to be, and one of the fellows who was showing us around -- I can't remember his name, he's a great physicist -- he was the fellow who invented the procedure to use a scanning tunneling electron microscope to actually move atoms intentionally. He might get a Nobel Prize in the future.

We're hanging out for drinks later -- I know that sounds sort of weird, hanging out for drinks with a physicist, but anyway, they can be fun people. We're hanging out for drinks and he says to me unsolicited, he says, "You know what? The Midwest has the best nanotechnology on the planet."

I said, "That's nice of you to say, but come on. Don't patronize me." He said, "No, I'm totally serious. Northwestern, Purdue, Wisconsin." He went down the list. He said, "You have the very best nanotechnology research in the world right now. The question is: What are you going to do with it? Who's going to do something with it?"

Carl, thoughts?

MR. SCHRAMM: Well, this intellectual property



business, we got deeply into it. Much of what America knows about intellectual property scientifically is because of the Kauffman Foundation. When I got there, nobody knew anything about the science of entrepreneurship, but I was kind of interested in this. It was totally a personal issue. I taught for 15 years at Johns Hopkins. The most sponsored research of any university in the world, zero start-ups.

You talk about shelves full of great ideas. There it is in Baltimore, which they're real tech (inaudible 1:02:35.1) --

MR. WOLCOTT: But there are shelves full of lousy ideas too, and that's part of the problem.

MR. SCHRAMM: Yes, but the point is, who sifts them out. I think to your point and a point that's been made here before, I went to the University of Wisconsin, and I've studied the history of the region and regional growth. We would have known about Indiana because that was right on the corridor. That's the spillover of upstate New York into Ohio. That was industrialism. It's not so clear that Wisconsin would have been anything except for the University of Wisconsin. That became that state's touchstone history.

Chicago would have made it because of where it was.

The momentum was enormous. The University of Illinois and then the University of Chicago and then Northwestern. What a booster rocket. The reality is we now watch a global expansion of universities. If you watch the Shanghai Index, we still have some of the top 20 but a very small number here. California has still got six of the top 20 or seven of the top 20 research universities there. I think there is a huge opportunity here in two ways.

First, these universities, and I think these are fantastic universities. I have a degree from Illinois although it's sort of like, "You gave the graduation speech, so here," but I've got the pajamas and the whole works to look like I know what I'm doing down there.

The reality is, I love these universities. I have a degree from one. You heard me say that three times, right? But they've got to get better. They can't be conveniently happy with what they are. These are fantastic universities, but I think this is a place where government in particular has to push -- not just send more money but basically say, "We expect from you extraordinary, super duper -- we are going to compete with Shanghai or Dubai, and we are not going to do that without you guys. You are our magic sauce and you've got to tune up the act." It's not just more money.

I said there are two things. I think there could be a phenomenal consortium here. You talked about this business of how it all happens. In a way, this is Bell Labs written large. It's the confluence of all that nanotech science, with the practicality of people like Motorola, keep pushing. You're in each other's backyards. They couldn't exist without the universities.

The universities made them, and they have to make the universities back. Something has got to happen with this magic sauce, and that, I think, could be a regional footprint that can't happen in California. It can't happen there. It sure isn't going to happen in New York. The lights are out. You can't rebuild that research capacity.

Here, it has never gone away, and it's always been strong. If it got strengthened and made into regional collaboration around the universities -- for example if Wisconsin wasn't competing with Illinois over X or Y or Z.

My last point on that is really critical. In addition to all of those jets flying in and out about getting those graduates out, it has happened to me. I have been in Peking University or Chen Wei. There's somebody who has spent the last 20 years at the University of Wisconsin. Now they're a professor in Beijing? People see this. They know those assets. They're not just taking graduates,

they're actually taking the real assets, these researchers. This is a critical issue.

MR. WOLCOTT: So with that note, we have to conclude, but as always, I learn more from the panelists than certainly they will ever learn from me. That was very exciting, and I hope a little bit inspirational what we heard.

What do we expect from you, Carl said. What do we expect from you? That question is for business and government, academia, for all of us, what do we expect of each other?

What can the Governor expect from the private sector and vice versa for instance?

Dean, I love your Water Council construct. I love the experiment, the way that it has evolved over time from we're a local group of seven counties. We've got the name Milwaukee to you know what, there's a region here, and gee, we can serve the world. What we've got can serve the world. How do we regenerate that and those kinds of connections?

You mentioned Singapore, Israel, and the Netherlands. We stand up, and we realize our competition is not Illinois. Our competition is Singapore, Israel, the Netherlands. Our customers are outside of this region.

How do we go there and build those connections? They are connections on a micro level in your organization with that VP sitting next to that kid right out of the University of Wisconsin talking about an opportunity. That's gold. How do we do more of that stuff in building these kinds of ecosystems?

And then Jim, you've got one. 1871. Again, I love it to death. The connective tissue you see there. You mentioned this, the big companies have to get better at this stuff. You've got to work at it. Don't expect people to get on the phone and drive out to Schaumburg to meet with you.

Get in the car and go yourselves to see what's happening at the universities and in the 1871s and in Singapore and Israel. Go out and build those relationships because if you're always looking in the same places you're liable to find the same answers. So this is a competitive requirement. It's a requirement for all of us here to get out and seek new things and new places.

The creating the narrative -- boy, we talked a lot about that. Everybody jumped on that one. I think, Governor, we have to answer that call. The initiatives that are happening after this event -- this doesn't end today -- the initiatives that are happening after this

event, which the Department of Commerce has graciously supported, and Kali (phonetic) will leading to take this forward and say, "What are we going to do around these pillars of our new strategy?"

I would add, "Create the heartland narrative." Use what you've got. Carl Schramm said it a couple of times. Use what you've got, and for gosh sake, like Shanghai, like the rest of the best of the world, make a world-relevant statement, not just a nice fun statement about Lake Michigan, but make a world relevant statement, "If we can't do it, who can?"

Governor, you also said something really honest and interesting, and we all should reflect on it. This is not a natural reflex. It is not a natural reflex for most of our entities, organizations, and us personally to think regionally.

Often it's not a natural reflex to think globally either, but we've got to do it. We've got to catalyze. We've got to recognize that being in the middle doesn't mean being nowhere. It means being in the middle of everywhere. We've got to tell the heartland story.

In conclusion, I want to make two observations. Austan Goolsbee mentioned Skolkovo earlier today. I know quite a bit about that, and I agree with him. The

likelihood of that working out is pretty low, but it's relevant for them. That's how they've operated for centuries.

In the late 19<sup>th</sup> century when Chicago was the fastest growing city on the planet, 1893 Columbian Exposition, the Czar of Russia decided that they really needed to start industrializing faster. So he said, however they say it in Russian, "Industrialize," and they went out and they built steel plants and a few rail lines. They got, guess what, a few steel plants and a few rail lines. Then a few years later the government fell.

Here in the United States, fortunately thank goodness, we had the fastest growing city in the world. We're not that now, but we've got some pretty good growth in the south and the west. You know what? Our friend Tom from the Department of Commerce threw down a little bit of a challenge to us earlier when we were meeting out there. He said, "You guys have a great place, but you're behind." If the Midwest -- if these three states had been growing at the rate of America in general for the last couple decades, we would be 50 percent further ahead than we are right now.

We've left a lot on the table, so how do we go out and recover that moment when we were the fastest growing city in the world?

Thanks a lot to the panel. This has been great. I  
appreciate all of you --

- End -