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- Thinking globally, acting locally



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THINKING GLOBALLY, ACTING LOCALLY ECONOMIC DEVELOPMENT IN MINNESOTA

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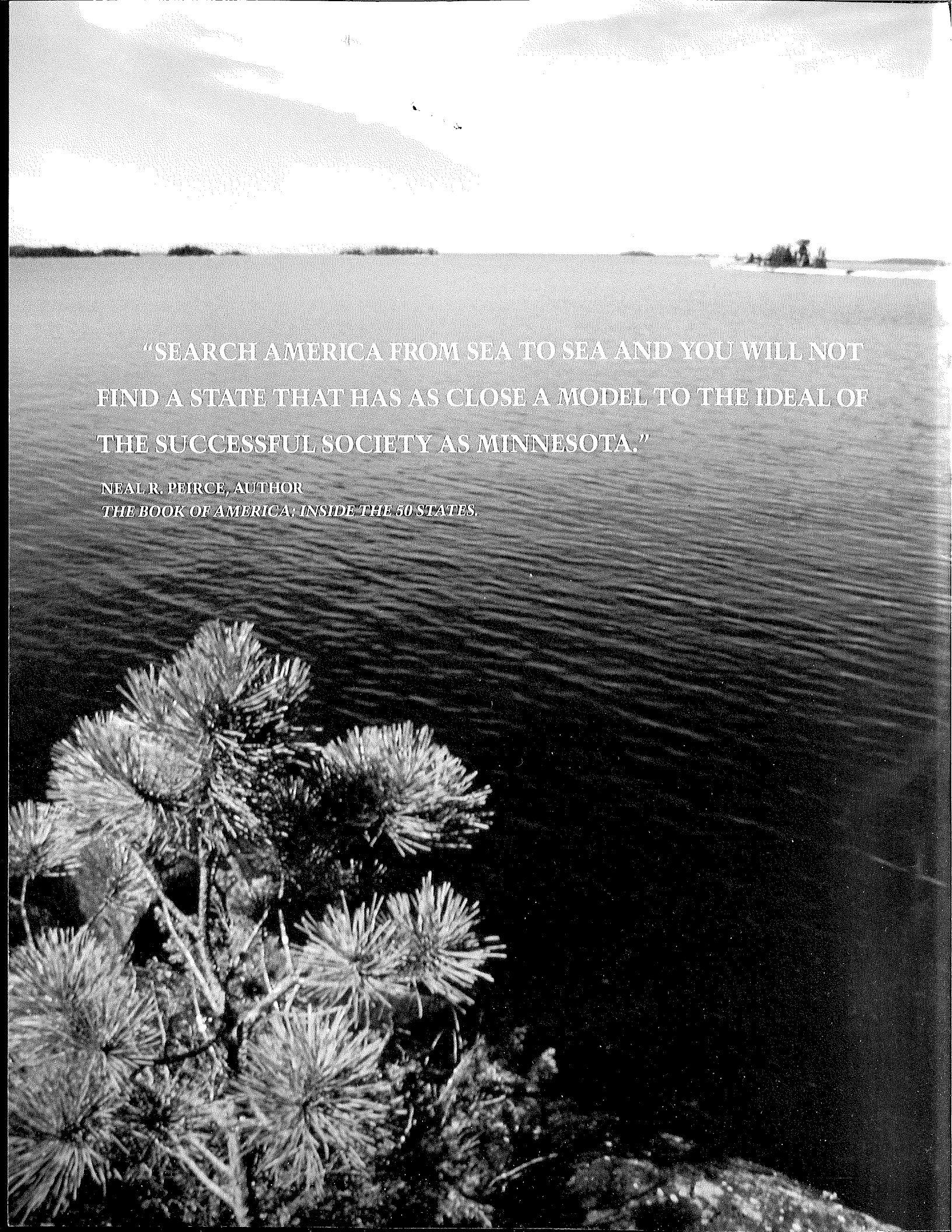
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DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT
DEPARTMENT OF JOBS AND TRAINING

DEPARTMENT OF LABOR AND INDUSTRY
DEPARTMENT OF EDUCATION



“SEARCH AMERICA FROM SEA TO SEA AND YOU WILL NOT
FIND A STATE THAT HAS AS CLOSE A MODEL TO THE IDEAL OF
THE SUCCESSFUL SOCIETY AS MINNESOTA.”

NEAL R. PEIRCE, AUTHOR

THE BOOK OF AMERICA: INSIDE THE 50 STATES.

ECONOMIC DEVELOPMENT IN MINNESOTA



AN INTRODUCTION BY GOVERNOR RUDY PERPICH

The 1980s was a decade of challenge. From layoffs and plant closings in northern Minnesota's mining industries to the farm depression of Greater Minnesota to rising energy and fuel prices to the slumping computer industry, the 1980s presented a number of significant challenges.

Minnesota responded with an economic development strategy that, by 1988, had generated a \$20 billion trade surplus and had some economists calling Minnesota "the Japan of the American Northwest."

Minnesota worked with businesses to take advantage of global markets, approached economic development at a community level, improved and stabilized the state's tax system, made investing in education the state's number one priority, and built industries like tourism and amateur sports that diversified the state's economy.

Our strategy worked. By the end of the decade, Minnesota was averaging a net increase of eight new businesses every day, with a business failure rate significantly below the national average. We have increased our national share of manufacturing jobs and nearly doubled the national average for high technology jobs.

With the creation of the European Economic Community, the historic opening of Eastern Europe and the Soviet Union, and the continued growth of the Pacific Rim economies, global competition continues to intensify. This booklet reviews ways in which Minnesota is addressing the challenges. I hope that it will contribute to what must be an ongoing international dialogue on economic development.



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Soviet President Mikhail Gorbachev
and Governor Rudy Perpich during
President and Mrs. Gorbachev's
historic visit to Minnesota.

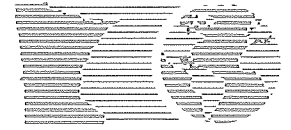
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"MINNESOTA'S PRIMARY COMPETITION IS NOT SOUTH CAROLINA BUT SOUTH KOREA; NOT THE STATES OF THE PACIFIC COAST BUT THE NATIONS OF THE PACIFIC RIM; NOT THE SUN BELT BUT THE EUROPEAN ECONOMIC COMMUNITY. BY THINKING GLOBALLY, WE PREPARE OURSELVES FOR THE ECONOMIC REALITIES OF THE 1990S AND THE 21ST CENTURY. THERE ARE NEW GLOBAL MARKETS TO ENTER, NEW OPPORTUNITIES TO DEVELOP, NEW JOBS TO CREATE."

BY RUDY PERPICH

ESTABLISHING A WORLD TRADE NETWORK FOR ECONOMIC DEVELOPMENT



After generating an estimated \$20 billion trade surplus with other states and nations in 1988, Minnesota was dubbed "the Japan of the American Northwest."

The Minnesota Trade Office (MTO) was created in 1983. Through the MTO, Minnesota was among the first states in the nation to open overseas trade offices.

Minnesota has the largest network of foreign trade offices of any state in the nation. Minnesota companies with branch offices overseas provide the space and professional staffing to help generate trade leads and information exchanges between other Minnesota businesses and foreign firms. As a result, the MTO distributes 1,600 trade leads per month without charge to the 6,000 companies in its client file, while actively soliciting business in locales ranging from the World Trade Center in Taipei to trade offices in Belgium, Hong Kong, Stockholm and London. Each year the state sponsors dozens of trade missions to other countries.

Minnesota was the first state to adopt a trade model to assess how changes in the international economy affect economic conditions within the state. Information drawn from this model has helped Minnesota identify global market opportunities for Minnesota businesses.

As Eastern Europe and the Soviet Union begin to convert to free market economies, Minnesota is positioning itself to become a major trading partner. Trade missions to these countries have laid the groundwork for Minnesota's goods and services. Preliminary discussions are under way to expand the state's network of trade offices to Warsaw, Budapest, Prague and Moscow and, in cooperation with the World Trade Center, for countries to open trade offices in Minnesota. The historic visit to Minnesota by Soviet President Mikhail Gorbachev signaled a new period of cooperation and friendship between Minnesota and the Soviet Union.

As the global economy becomes more intertwined in the 1990s, Minnesota's world trade network will continue to expand creating more opportunities for the businesses of the state.

"MINNESOTA IS THE LEADING
STATE IN INTERNATIONAL
EXPORT PROMOTION AND
MARKETING, OFFERING THE
MOST COMPREHENSIVE ARRAY
OF SERVICES TO BUSINESSES
INTERESTED IN EXPORTING
AROUND THE WORLD."

MITCHELL HOROWITZ,
DIRECTOR

THE 1990 DEVELOPMENT
REPORT CARD FOR THE STATES
CORPORATION FOR
ENTERPRISE DEVELOPMENT



MINNESOTA'S INTERNATIONAL TRADE OFFICES:

LONDON
ENGLAND

STOCKHOLM
SWEDEN

BRUSSELS
BELGIUM

TOKYO
JAPAN

OSLO
NORWAY

WARSAW
POLAND

PRAGUE
CZECHOSLOVAKIA

TAIPEI
TAIWAN

TORONTO
CANADA

SAN JOSE
COSTA RICA

OSAKA
JAPAN

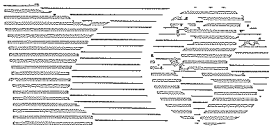
RENNES
FRANCE

BUDAPEST
HUNGARY

MOSCOW
USSR

POTENTIAL TRADE OFFICE OPENINGS IN 1991:

EDUCATING BUSINESSES FOR WORLD TRADE



“THE TRADE OFFICE IS A
UNIQUE RESOURCE IN
MINNESOTA. ITS BROAD
CAPABILITIES ARE CRITICAL
TO THE SUCCESSFUL
INVOLVEMENT IN FOREIGN
TRADE OF MANY SMALL
CONCERNS LIKE IDC.”

WILLIAM F. HENRY, SR.,

VICE PRESIDENT AND CEO

INTERNATIONAL DIABETES

CENTER

PARK NICOLLET MEDICAL

FOUNDATION

MINNEAPOLIS

The Minnesota Trade Office offers extensive education programs for exporters. Its main curriculum offering, known as the Export Development Training Program, is designed to assist small and medium-sized firms. Businesses learn the basics of trade and export financing, taxation, licensing and patent regulations; how to produce world markets; how to conduct export market analysis; and how to utilize trade leads, trade missions and trade shows to their best competitive advantage. Approximately 70 percent of the companies begin exporting once they have completed the program.

Minnesota also provides more international trade seminars for business than any other state. Both potential and experienced exporters benefit from seminars exploring such specific topics as European economic unification and the Canada-U.S. Free Trade Agreement.

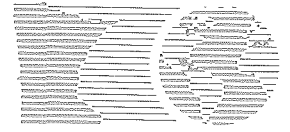
The educational offerings take place in the 36-story World Trade Center in downtown St. Paul. Completed in 1987, the center offers worldwide teleconferencing and extensive office and meeting space specifically created to accommodate global business activity.

In early 1989, the MTO created the Export Outreach and Education unit to improve services to rural areas. One-on-one client counseling has been a particularly effective part of this effort. Export promotion counselors have consulted with firms throughout the state on such issues as product packaging and licensing requirements.

Minnesota is also one of only two states to conduct performance monitoring through client-based assessment of its international trade programs. Recent assessments have indicated that the MTO has increased export sales and helped open new markets for a majority of clients.



MINNESOTA EXPORT FINANCE AUTHORITY



Many small companies lack the working capital necessary to fill an export order.

The Minnesota Export Finance Authority (MEFA) was created to help finance exports. The MEFA guarantees bank loans up to \$250,000 for small Minnesota firms. Loans from the authority have supported more than \$15 million in state exports, with orders such as \$300,000 worth of wood products to Japan, \$462,000 worth of semiconductor equipment to Malaysia, and \$185,000 worth of dairy cattle to Turkey. In fiscal year 1989 alone, the authority supported more than \$5 million in exports, issuing nearly \$2 million in loans without a single default.

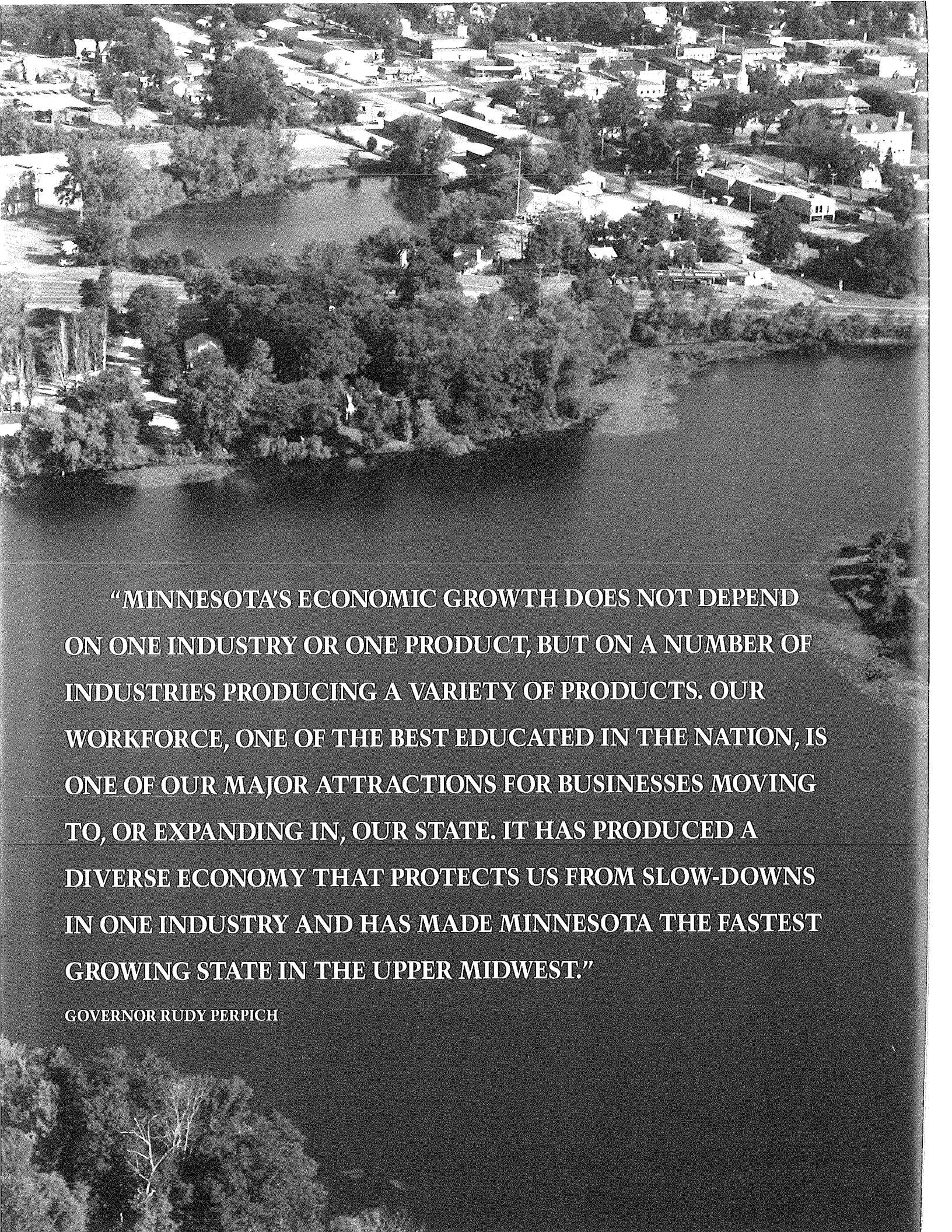
In addition to guarantees, MEFA also provides counseling, financing contacts and credit insurance to exporters. According to a U.S. House of Representatives report, at least 14 states have either adopted or are studying this Minnesota model. As *BusinessWeek*, the *London Financial Times* and *Inc. Magazine* have pointed out, the Minnesota Export Finance Authority enables businesses to compete effectively in the international marketplace.

**"MEFA IS AMONG THE MOST
SUCCESSFUL ORGANIZATIONS"**

IN ENABLING BUSINESSES TO
FINANCE THEIR EXPORT SALES.

INC. MAGAZINE



An aerial photograph showing a town with various buildings and streets, situated along a large body of water. The foreground is dominated by a dense forest of trees. The water is dark and reflects the sky. The town extends from the water's edge towards the top of the frame.

“MINNESOTA’S ECONOMIC GROWTH DOES NOT DEPEND ON ONE INDUSTRY OR ONE PRODUCT, BUT ON A NUMBER OF INDUSTRIES PRODUCING A VARIETY OF PRODUCTS. OUR WORKFORCE, ONE OF THE BEST EDUCATED IN THE NATION, IS ONE OF OUR MAJOR ATTRACTIONS FOR BUSINESSES MOVING TO, OR EXPANDING IN, OUR STATE. IT HAS PRODUCED A DIVERSE ECONOMY THAT PROTECTS US FROM SLOW-DOWNS IN ONE INDUSTRY AND HAS MADE MINNESOTA THE FASTEST GROWING STATE IN THE UPPER MIDWEST.”

GOVERNOR RUDY PERPICH

ECONOMIC DEVELOPMENT THROUGH COMMUNITY CAPACITY BUILDING



Minnesota believes in economic development through community-based partnerships.

The innovative Challenge Grant Program is a prime example of this decentralized approach. The \$12 million program is equally funded by the State of Minnesota and the private McKnight Foundation. The program provides \$2 million to each of six regional revolving loan funds known as Minnesota Initiative Funds. These funds make loans ranging from \$5,000 to \$100,000 to rural Minnesota businesses, which must match the loans.

Since its inception in 1988, the Challenge Grant Program has facilitated business expansions in towns most of which have less than 5,000 people. Businesses ranging from telemarketing to software to cheese processing to furniture parts production have benefited from the grant program.

The Challenge Grant Program is just one of 12 grant and loan programs administered by the Department of Trade and Economic Development. These programs have helped to create thousands of jobs in communities throughout Minnesota since 1983. Acting locally in Minnesota means preserving the vitality of our communities, the heartland of our nation.

In 1989, Minnesota became the first state in the nation to institute a single application for these development programs. The application enables communities to apply for up to six grant and loan programs at a time with the Minnesota Department of Trade and Economic Development.

The state also operates a network of 28 Small Business Development Centers, which combine the organizational resources of state government with expertise on individual communities. Less bureaucracy and greater accessibility create stronger, more flexible partnerships for economic development.

Minnesota is a national leader in mobilizing community volunteers for economic development. The Minnesota Star City Program is one example. Since 1981, 100 Minnesota communities have earned the Star City designation. Through this program, community leaders learn leadership, planning, servicing and marketing for the local level. The Minnesota Star City program has become a national model for providing cities with guidelines to establish plans for local economic development.

**“MINNESOTA STANDS OUT AS A
STATE THAT BRIMS WITH
ENTHUSIASM ABOUT ITS
ECONOMY. NO STATE IN THE
REGION WORKS HARDER THAN
MINNESOTA TO INTERVENE IN
AS MANY STRATEGIC WAYS IN
ITS ECONOMY.”**

MARTY STRANGE

“STATE ECONOMIC
DEVELOPMENT POLICIES”

CENTER FOR RURAL AFFAIRS

WALTHILL, NEBRASKA



ECONOMIC DEVELOPMENT THROUGH TOURISM

“FOR INNOVATION AND

RESULTS, THE MINNESOTA

OFFICE OF TOURISM HAS, IN MY

OPINION, ONE OF THE MOST

SUCCESSFUL STATE TRAVEL

PROGRAMS IN THE NATION.”

CURTIS L. CARLSON,

CHAIRMAN

CARLSON HOLDINGS, INC.

Tourism has become one of the state's largest industries. This growth is attributable, in part, to the efforts of the Minnesota Office of Tourism, whose funding has increased by 600 percent since 1983.

The Minnesota tourism program has become a national model for economic efficiency. Despite a tourism advertising budget that ranked 26th, Minnesota's volume of tourism inquiries ranked only behind Hawaii in 1987 (the most recent comparable data available). From 1983 to 1989, inquiries have more than quadrupled to nearly one million.

A major factor in this success story is the *Minnesota Explorer* newspaper, the first state travel paper in the country. A full-color, full-sized broadsheet containing dozens of travel stories and hundreds of special events listings, the newspaper has a relatively low production cost that is supplemented by advertising, requires no accompanying envelope, and can be mailed at third-class bulk rate. These cost efficiencies enable the tourism office to handle the enormous volume of inquiries. As a result, nearly 60 percent of those who do inquire, visit Minnesota. Television advertising, complete with a 24-hour telemarketing service, is another component of Minnesota's nationwide tourism effort.

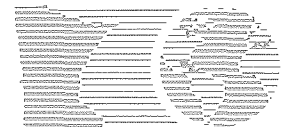
To attract tourists, Minnesota assists with marketing new events. An example is "Midsummer, a Midsummer Festival of Music," an international biennial music festival created in 1988. The festival's goal is to strengthen Minnesota's economy by attracting tourists from abroad. The 1988 festival drew 2,000 tourists from Europe, the largest group ever to travel directly to Minnesota for an event.

At the local level, Minnesota has provided \$4 million in joint venture marketing grants to community tourism industries since 1983, with another \$4.4 million allocated for the 1991-92 biennium. Under the Tourism Loan Fund, more than \$2 million in matching capital improvement loans have been given to tourism businesses in the state.

Minnesota's tourism infrastructure has also been bolstered. Travel counseling services and a statewide lodging database have been expanded. With the addition of 11 travel information centers along the state's highways, expanded telephone information services, and the creation of four regional tourism offices, tourism information has been increasingly personalized.



ECONOMIC DEVELOPMENT THROUGH AMATEUR AND PROFESSIONAL SPORTS



Minneapolis was rated the third hottest sports city in the nation, ranking only behind Indianapolis and Los Angeles, by *SportsTravel Magazine* in February 1990.

Between 1989 and 1993, Minnesota will host more than 40 major sporting events, including the Super Bowl, the NCAA Final Four championships in basketball and hockey, the U.S. Olympic Festival, the U.S. Open Golf Tournament, the National Figure Skating Championships and the International Special Olympics. These and other sporting events will generate more than \$200 million for the state.

In 1987, the legislature created the Minnesota Amateur Sports Commission and appropriated more than \$29 million for sports facilities and associations. The Amateur Sports Commission has a goal to establish a championship facility for every Olympic sport in Minnesota. The National Sports Center in Blaine, the National Ice Hockey Center in St. Cloud, and Giants Ridge in Biwabik, a national training center for ski sports, are Minnesota's newest amateur sports facilities.

Along with significant economic benefits, our sports program enhances the quality of life in Minnesota. Thousands of citizens participate in sporting events for the entire family, such as the annual Star of the North Games. Created in 1987 by the Amateur Sports Commission, the games are modeled after the Olympic Games. Minnesotans of all ages and skills may participate in any of the many sporting events offered at both the winter and summer Star of the North Games.

The benefits of Minnesota's sports efforts are apparent. Minnesota is now home to the Minnesota Timberwolves, a professional basketball team to go with its professional baseball, football and hockey franchises. The Timberwolves' new home, the Minnesota Arena in downtown Minneapolis, is scheduled to open for the 1991 NBA basketball season.

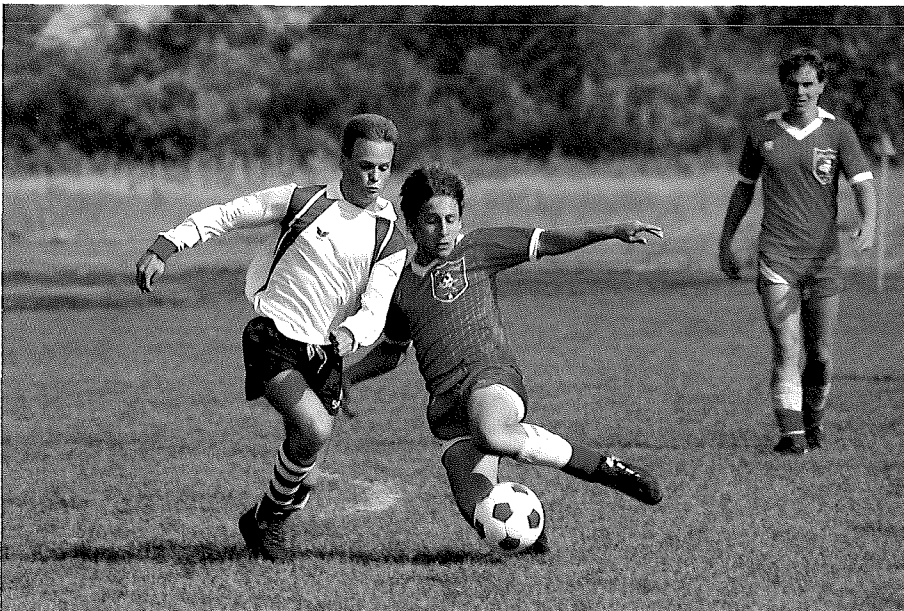
"MINNESOTA HAS A SPORTS
EFFORT THAT STEMS FROM THE
GOVERNOR'S OFFICE AND
WORKS ITS WAY DOWN. THERE
IS NO OTHER STATE WITH AS
MUCH SUPPORT FOR SPORTS
AS MINNESOTA."

HILL CARROW

CHAIRMAN —

NORTH CAROLINA

AMATEUR SPORTS



ECONOMIC DEVELOPMENT THROUGH TAX POLICY AND FINANCIAL MANAGEMENT



“WE WERE IMPRESSED BY

(MINNESOTA'S) EFFORTS TO

FORECAST REVENUES AND

EXPENDITURES FAR BEYOND

THE CURRENT FISCAL

BIENNIUM, ITS SUPERLATIVE

PERFORMANCE EVALUATIONS,

ITS EFFICIENT USE OF

COMPUTERS, AND ITS LARGE

RAINY DAY FUND.”

MARK MEAGHER, CHAIRMAN

FINANCIAL WORLD MAGAZINE

Minnesota has been recognized as a leader in the nation for its comprehensive tax policy.

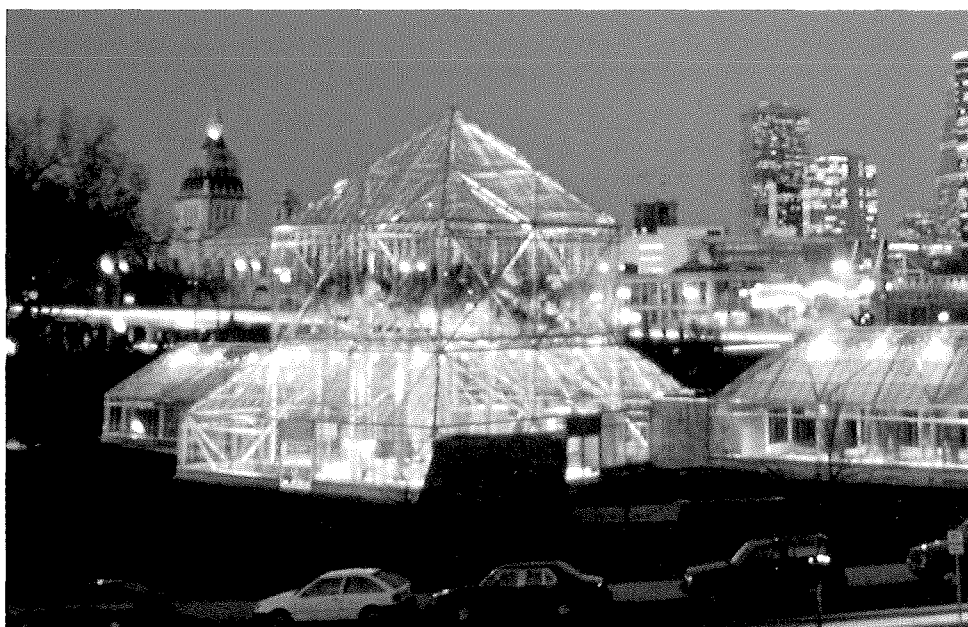
Since 1983, Minnesota's personal and corporate tax structures have been substantially reformed. Minnesota's income tax system has been dramatically simplified dropping 225,000 low-income families from Minnesota tax rolls, reducing Minnesota's income tax long form to one page and the short form to seven lines, and dropping the complicated federal income tax deduction. The top tax rate has been reduced, falling from 14 to 8.5 percent, and the number of tax rates have been reduced from 16 to 3 (8.5, 8 and 6 percent). In 1990, a family of four earning \$50,000 a year paid 5 percent less in income taxes than it did in 1983.

Minnesota's corporate income tax system has also been simplified by incorporating many of the provisions of the federal tax reform act of 1986. The corporate income tax rate was reduced from 12 to 9.8 percent. To encourage business expansion and investment, Minnesota's sales tax on capital investments for new and expanding businesses has been eliminated.

In 1989, Governor Perpich initiated a major reform of the property tax system that improves the ability of Minnesota businesses to compete with companies in other states by cutting the tax rate on businesses from an average of 5.25 percent to 4.95 percent, with the ultimate goal of reducing business property taxes to 4 percent.

Because of these tax reform efforts, the *Grant Thornton Manufacturing Climates Study* has improved the rank of Minnesota's business climate from 43rd in 1983 to 6th best in the country in 1989.

Minnesota's fiscal stability is a result of its ability to balance its major taxes and to support a consistent level of public investment through establishing a stable revenue base. This provides Minnesota businesses the assurances they need to make long-term investments.



ECONOMIC DEVELOPMENT THROUGH A STRONG INFRASTRUCTURE



Minnesota ranks first in the nation for the quality of its physical infrastructure.

In 1987, the Minnesota Public Facilities Authority was created to establish a stable source of capital for wastewater treatment facilities and other public works projects. In its first two years, the authority provided \$56 million in grants and long-term, low-interest loans for improvements and new construction.

Through the Small Cities Development Program, the state also assists communities in financing housing rehabilitation and public facilities construction. Under the program, small cities revitalize neighborhoods by demolishing old buildings while renovating other housing and business units and installing new streets, gutters and storm sewers.

In large urban areas, the burden of deteriorating housing is often most acute. In 1989, Governor Perpich proposed a wide array of legislative programs under the heading Year of the Cities. A key component of the package was more than \$16 million in affordable housing monies. These efforts occurred even after the Governor and the state were honored nationally for their programs to create affordable housing and alleviate homelessness.

The safety and quality of Minnesota's roads continually rank at or near the top among states. Quality of interstates and highways was one of the areas where the Corporation for Enterprise Development rated Minnesota as the best in the nation.

"I FLY ALL OVER THE COUNTRY

IN CORPORATE AIRCRAFT AND

HAVE BEEN A PILOT FOR MANY

YEARS. WITHOUT A DOUBT,

MINNESOTA'S AIRPORT SYSTEM

IS THE BEST. IT IS A CRITICAL

PART OF THE STATE'S AND

MINNESOTA BUSINESSES'

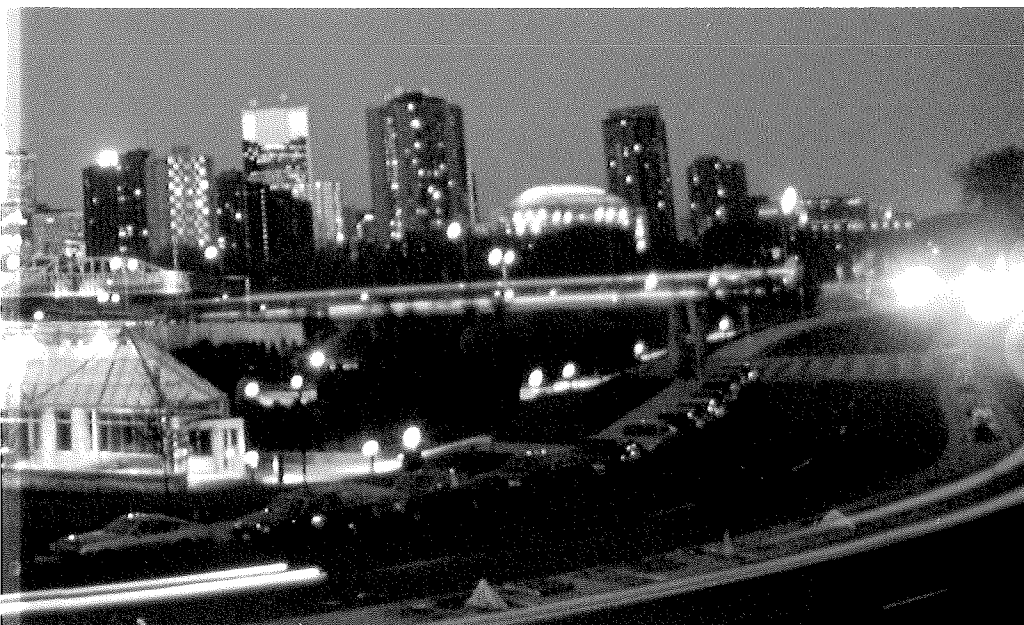
PROSPERITY."

STANLEY S. HUBBARD,

CHAIRMAN AND CEO

HUBBARD BROADCASTING, INC.

ST. PAUL



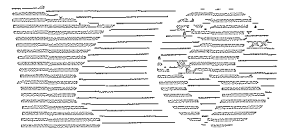
**"IN MINNESOTA, WE ARE STRIVING TO PROVIDE
OUR STUDENTS WITH INTERNATIONAL AWARENESS AND
KNOWLEDGE. FROM OUR LANGUAGE CAMPS TO OUR
CAMPUSES IN JAPAN AND OUR PROGRAMS IN EUROPE, WE
LEAD THE NATION IN HELPING OUR YOUNG PEOPLE PREPARE
FOR A GLOBAL ECONOMY."**

GOVERNOR RUDY PERPICH



Governor Rudy Perpich and Governor Kikuji Sasasaki, Akita Prefecture, Japan, on the occasion of the signing of the agreement to establish a Minnesota State University System branch campus in Akita.

EDUCATION: THINKING GLOBALLY, ACTING LOCALLY IN THE CLASSROOM



An educated society is a prosperous society. Since 1984, education funding in Minnesota has risen from 21 percent of the state budget to 26.3 percent. Minnesota students are now allowed to attend the school of their choice, high school juniors and seniors are able to take college courses at state expense, leadership teams have been formed among teachers and principals to improve the learning environment at individual schools, and many other programs have helped Minnesota become a national leader in education.

At 91 percent, Minnesota has the highest graduation rate in the country. In fact, more high school students move on to some sort of post-secondary education than most states have graduate from high school. These achievements in education have supplied Minnesota businesses with one of the best educated and most productive work forces in the country.

Minnesota is also internationalizing its entire education system in preparation for the demands of the 21st century.

Each Minnesota high school must make at least three years of a world language available to students. An International Baccalaureate degree is also available to a growing number of Minnesota students. Under the Governor's nationally renowned reforms creating student-parental choice, many competing schools are further expanding their international course offerings. These efforts have doubled the number of Minnesota students enrolled in world language courses from 1984 to 1988.

Concordia College in Moorhead, Minnesota, has created 10 language villages across the state. These self-contained campuses approximate the life and culture of a country from its customs and style of dress to its language, furniture and topography. Students from across the country attend these two-week immersion courses.

Minnesota has also established a branch campus of its State University System in Akita, Japan. Minnesota residents can pay in-state tuition and receive normal course credits at the campus in Akita, which will contain faculty and students from both Japan and the United States.

“MINNESOTA HAS

RECOGNIZED THAT THE NEED

TO SPEAK ANOTHER

LANGUAGE, OR TWO OR THREE,

IS CRITICAL NOT ONLY TO

FULLY APPRECIATE THE

NATURE OF INTERGLOBAL

DEPENDENCE, BUT ALSO TO

SURVIVE IN AN INCREASINGLY

COMPLEX WORLD.”

CHRISTINE SCHULZE,

DIRECTOR

CONCORDIA LANGUAGE

VILLAGES

MOORHEAD, MINNESOTA



RESEARCH: LINKING THE LABORATORY TO THE MARKETPLACE

Minnesota is turning research into jobs.

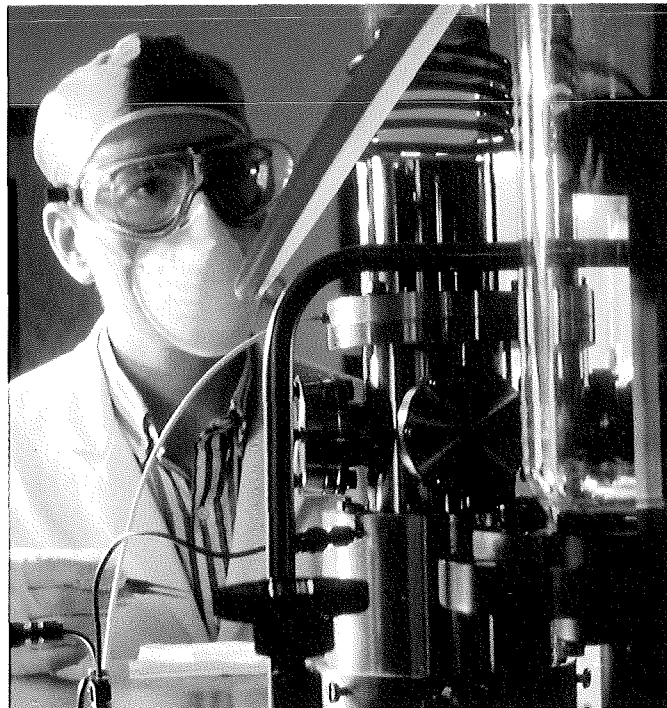
Since 1983, the state has established four new schools of engineering, a Natural Resources Research Institute, four Agriculture Research and Utilization Institutes, an Institute for Paper Sciences Research, and a Cold Weather Resource Center. These institutes create jobs by developing biodegradable plastic made from cornstarch, printing ink made from soybeans, trees that are more resistant to disease, and computer programs more resistant to viruses.

The Greater Minnesota Corporation (GMC), a public corporation with an operating budget dedicated from the state's lottery proceeds, will be investing millions of dollars during the 1990s linking business and universities in research and development projects.

The GMC will be working in concert with the University of Minnesota. Spurred on by a \$60 million state appropriation, the university recently completed a \$300 million endowment campaign. Only Harvard has more endowed chairs than the University of Minnesota.

Another of Minnesota's efforts to turn research into jobs will be the Gorbachev Maxwell Institute of Technology, unveiled during Soviet President Mikhail Gorbachev's visit to Minnesota in June 1990. The institute will be a world-class private research institute where American, European and Soviet scientists will work side-by-side to benefit the world.

Minnesota already ranks sixth in the number of patents issued per capita. As Governor Perpich stated in his 1989 State of the State Address: "Minnesota will take a back seat to no one when it comes to turning the ideas of the classroom into products for the global marketplace."



“THE GORBACHEV MAXWELL

INSTITUTE FOR TECHNOLOGY

WILL BE ESTABLISHED IN

MINNESOTA FOR MANY OF THE

SAME REASONS THAT

PRESIDENT GORBACHEV

SELECTED MINNESOTA FOR A

VISIT WHILE IN THE UNITED

STATES. MINNESOTA IS AN

EXTRAORDINARY STATE.”

ROBERT MAXWELL, CHAIRMAN

AND CEO

MAXWELL COMMUNICATION

CORPORATION

LONDON, ENGLAND

ACCOUNTABILITY AND PARTNERSHIP IN GOVERNMENT AND BUSINESS



The operation of the executive branch has earned Minnesota a ranking as the third best managed state in the country. (*Financial World Magazine*, April 17, 1990)

Minnesota has a national reputation for government activism and quality services, and yet it ranks 42nd in the number of state employees per capita. One way this is accomplished is through our award-winning STEP program, which encourages all state employees to be entrepreneurs within the system. The winner of a Ford Foundation/Harvard University Innovations Award and the subject of a case study at Harvard, STEP already has generated more than 60 innovations that have saved money and improved services.

In 1987, Minnesota entered a joint venture with the U.S. Department of Commerce. This was the first time a state government had formed a partnership with an entire federal agency to improve services to their common customers, the taxpayers.

Known as the Commerce/Minnesota Initiative, the partnership has already produced a new series of economic data for all state governments, an improved weather warning system, better access to weather information in Minnesota, and Minnesota's quick adoption of federal computer standards.

Wisconsin has followed the Commerce/Minnesota Initiative model, and other states are expressing interest in the concept.

Another important partnership is the Minnesota Council for Quality, created in 1987. Its purpose is to promote quality and productivity as a strategy for improving Minnesota's economy. The council is fostering a grass-roots network of 10 community quality councils that are stressing quality control, sensitivity to customers, and employee participation.

"STEP IS PRODUCING

EXAMPLES OF MANAGERIAL

EXCELLENCE ANY BUSINESS

WOULD DO WELL TO

EMULATE."

ROBERT M. PRICE,

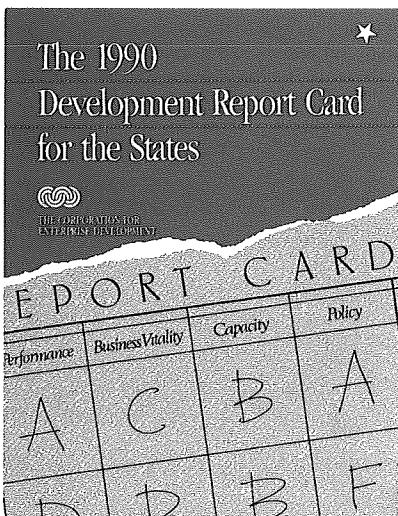
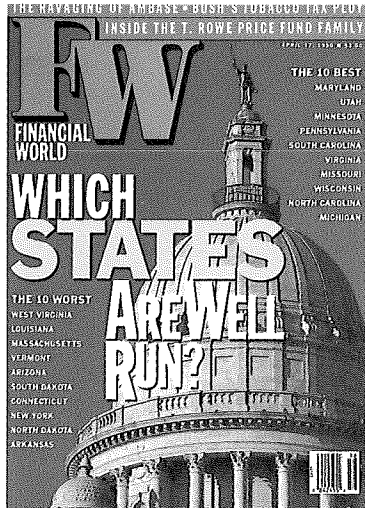
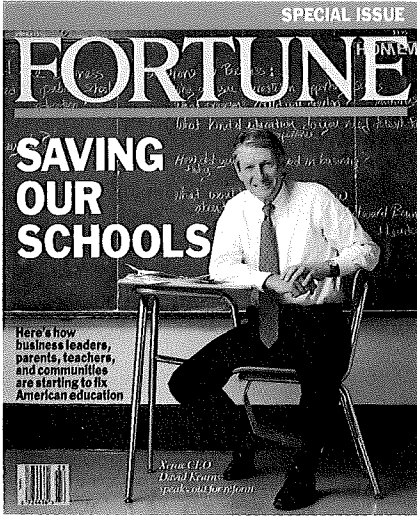
FORMER CHAIRMAN

CONTROL DATA CORPORATION

MINNEAPOLIS



MINNESOTA FACTS



- *Fortune* magazine ranked the Twin Cities one of the nation's top 10 areas for business. (*Fortune*, October 23, 1989)
- Minneapolis was one of 16 cities featured in a *U.S. News & World Report* cover story on "America's New Boom Towns." (*U.S. News & World Report*, November 13, 1989)
- St. Paul was one of the top 10 cities featured in a *Newsweek* cover story on "Hot Cities: America's Best Places to Live and Work." (*Newsweek*, February 6, 1989)
- The Corporation for Enterprise Development's *1990 Development Report Card for the States* gave Minnesota "A" marks for long-term growth capacity and state economic policies. For the third year in a row, Minnesota ranked first in its capacity for long-term growth. When the ratings are averaged, Minnesota ranks sixth among the 50 states.
- A 1989 Grant Thornton study of manufacturing climates ranked Minnesota sixth. It ranked Minnesota second best in quality of life and fourth in availability and productivity of resources.
- The State of Minnesota ranks first in international trade support services provided to exporting businesses. (*The 1990 Development Report Card for the States*, Corporation for Enterprise Development.)
- Minnesota ranks fifth in the number of large corporate headquarters per capita. (Minnesota Department of Trade and Economic Development, Policy Analysis Division)
- Eleven Minnesota companies made *Forbes* magazine's ranking of the nation's 400 largest privately held companies, including the number-one ranking Cargill. (*Forbes*, December 11, 1989)
- Nine Minnesota companies made *Forbes* magazine's ranking of the nation's 200 best small companies. (*Forbes*, November 13, 1989)
- Six Minnesota companies are on *Inc.* magazine's 1990 list of the 100 fastest-growing companies (*Inc.*, May 1990). Minnesota has placed 63 companies on the fastest-growing list during its 12-year existence, more than all but five states. (Based on 10-year statistics published in *Inc.*, May 1988)
- Minnesota is headquarters to 31 FORTUNE 500 industrial and service companies. (Industrial list – *Fortune*, April 23, 1990; Service list – *Fortune*, June 4, 1990)

THINKING GLOBALLY, ACTING LOCALLY A TEAM EFFORT



COMMUNITY

Soviet President Mikhail Gorbachev's historic June 3, 1990, visit to the state focused Minnesotans' attention on the events of the world and how Minnesota plays an important role. In Greater Minnesota, cities and local businesses are joining forces to improve economic development in their regions. In schools and camps around the state, more students are learning world languages than ever before. In the Twin Cities metropolitan area, the Minnesota Trade Office, located in the Minnesota World Trade Center, is the centerpiece of the state's international network for marketing and exporting Minnesota products.

BUSINESS

Minnesota's business community has taken the "thinking globally, acting locally" theme to heart and is demonstrating for the rest of the nation what international trade can do for business. Minnesota's businesses are active partners with the state in supporting trade offices overseas, luring international businesses to Minnesota, and making an international curriculum part of our schools.

LEGISLATURE

Our success in international trade is a testament to the commitment of our legislators. Legislation supporting international trade efforts, encouraging community economic development, and creating an educational system that is the backbone of the state's strong business climate is the heart of Minnesota's success.

AGENCIES

A number of agencies are responsible for creating an atmosphere where "thinking globally, acting locally" is more than just a slogan: the Department of Trade and Economic Development, Department of Jobs and Training, Department of Labor and Industry, and Department of Education.



THINKING GLOBALLY, ACTING LOCALLY MINNESOTA'S LEADERSHIP

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- Minnesota has the largest network of foreign trade offices, developed largely through cost-effective private sponsorships.
- Minnesota, through its Minnesota Trade Office, offers more trade seminars for potential exporters per year than any other state.
- Minnesota is the first state to adopt an international trade model to assess local impact of changes in the global economy.
- The Minnesota Export Finance Authority is a national model, written about in *The Wall Street Journal* and other national publications.
- Minnesota is one of the few states in the country with a trade surplus.
- Minnesota is a leader in promoting global competitiveness through initiatives focusing on increased productivity and quality, such as the Minnesota Quality Award, the Minnesota Quality Council and community quality councils.
- Minnesota is a leader in promoting new product development for world markets through \$200 million in research expended annually by the University of Minnesota and through the Greater Minnesota Corporation, which funds technology development and transfer.
- Minnesota is a leader in promoting global competitiveness by helping our manufacturing companies implement state-of-the-art production technology through the Minnesota Advanced Manufacturing Technology Centers.
- Communities' capacity to conduct economic development is built through 100 communities' participation in the Minnesota Star City Program.
- Local business needs in 110 Minnesota communities are assessed through Minnesota's Business Expansion and Retention Program.
- Local businesses are assisted and supported through 28 Small Business Development Centers around the state.