

GREENSPAN URGES STATES TO EDUCATE

Judy Fahys

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STATE COLLEGE, Pa. -- For his final act leading the National Governors Association, Gov. Mike Leavitt on Tuesday invited one of the captains of the nation's longest-ever economic expansion to give fellow governors investment advice.

Teaching people to think -- along with providing a basic education -- will best prepare states for the growth and changes coming to the U.S. economy, said Alan Greenspan, chairman of the Federal Reserve Bank.

He said the United States is in a period of rapid innovation that offers the opportunity to improve the standard of living for most Americans.

"Our ability to take advantage of these opportunities is not only influenced by national policies, but is also determined importantly at the state level," said Greenspan, who recently was appointed to a fourth term as the nation's top policy setter on the economy.

"States with more flexible labor markets, skilled work forces and a reputation for supporting innovation and entrepreneurship will be prime locations for firms at the cutting edge of technology," he said. "Not all new enterprises will succeed, of course, but many will, and those that do will provide the impetus for further economic progress and expanding opportunities in their communities."

Greenspan's address was a fitting, final presentation for the governors association's 92nd annual meeting, where Utah's Republican governor ended a yearlong term as the group's chairman.

In that role, Leavitt had set high-minded goals. He wanted governors to learn how to navigate their states in the "new economy," the fast-paced global environment that now forces workers and businesses in Tremonton to compete with those in Tokyo.

President Clinton visited the governors on Monday. He plugged his efforts to discourage Congress from devoting too little to reducing the national debt.

Before Clinton's comments, Leavitt reflected on the ability for states to change with technology and business.

"We can fight it and flounder, or we can accept it and survive," he said. "Or we can lead it and prosper."

His comments drew a standing ovation.

On Tuesday, it was Greenspan's speech that had the governors' attention.

The Fed chairman told governors they are in key positions to set the stage for future prosperity, largely by educating workers and children who will someday join the work force.

Greenspan advised that gains in the American work force will continue only if states improve their education systems -- with highly skilled teachers, more continuing education, expanded distance learning and well-rounded classrooms.

"Even the most significant advances in information and computer technology will produce little additional economic value without human creativity and intellect," Greenspan said.