

Why the change in economic development strategy?

By David C. Olson

The good news keeps coming on Minnesota's economic front. Unemployment is dropping. The December forecast for the state budget shows a projected \$1.08 billion surplus for the two-year cycle that began July 1.

That makes our work at the Minnesota Chamber of Commerce and our local partners easier, right? Findings from Grow Minnesota!, our distinctive private-sector economic development program, might say otherwise.

Conversations with business owners and managers early in the year showed Minnesota continuing its recovery from the 2008 recession. But key indicators trailed off as the year ended, leaving a wait-and-see approach as we turn the calendar. The change in attitude parallels the findings from the Minnesota Chamber's annual Minnesota Business Barometer Survey conducted midsummer – the same time that our state's job-creators were facing the reality of some dramatic changes in public policy at the Capitol.

Elected officials from both sides of the political aisle can take credit for the state's flush pocketbook today. We're likely seeing the fruits of actions beginning with Gov. Tim Pawlenty's administration in 2008 when he worked with a DFL legislative majority. Witness a recent report that showed spending on medical care in Minnesota has slowed considerably, due in part to Chamber-led bipartisan health care reforms enacted in 2008. Progress on other business priorities – principally K-12 reform and the streamlining of environmental review and permitting – was also made during Gov. Mark Dayton's first two years.

Enter 2013, and key policy decisions affecting the development and growth of our economy took a 180-degree turn. The Legislature imposed \$2.3 billion in taxes which fell disproportionately on businesses. Financial investments in education were overshadowed by several K-12 reforms that stalled, and others that were unwound – all to the detriment of strengthening Minnesota's workforce. The rocky implementation of MNsure, the state's health care exchange, is raising a host of concerns about cost and coverage among small and mid-sized businesses.

The governor and legislative leaders tout an expanded toolkit of economic incentives for businesses enacted in 2013. Many of those, however, were targeted and benefited a very tiny slice of the state's 100,000-plus businesses.

Policy-makers should ask themselves, and then reach consensus: Do we have more ammunition to sell Minnesota if we focus on the overall business climate or if we offer a variety of incentives aimed at specific companies and/or industries?

To answer this question, our elected officials should, first and foremost, seek out and listen to our state's job-creators. They aren't shy about saying what's needed for their businesses to change and grow in Minnesota.

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