

## Lincoln's Foresight: Where the President and Congress Need to Look to Restore America's International Competitive Advantage

By Peter H. Michael

This year marks the 150<sup>th</sup> anniversary of the Morrill Land Grant Act, the sweeping legislation of 1862 which became the prime wellspring of national development, vaulting United States gross domestic product more than five-fold by the dawn of the twentieth century. The Act gave federal lands to the states and territories for the express purpose of founding public universities which over the rest of the 1800s became the nation's main founts for practical agricultural, technical and mechanical knowledge, from contour plowing to electrifying prairie towns to laying roads across a continent. Representative Justin Morrill of Vermont sponsored the Act.

While before 1862 a few eastern states, Maryland in 1807 for example, had launched state-funded universities, nearly the entire rest of the nation still had only more expensive private colleges catering almost exclusively to the sons — but seldom the daughters — of the wealthy. Some states and territories had nothing beyond high schools and few of them. From 1800 to 1900, the number of American colleges and universities grew from 23 to 821 with the bulk of growth coming in the new state universities after passage of the Morrill Act. Today the United States leads all nations with more than 4,000 colleges and universities.

The Morrill Act was one of four path-bending national watersheds accomplished in just forty-nine days during the Lincoln administration. On May 15, 1862, Lincoln signed into law the United States Department of Agriculture. Five days later came the Homestead Act which, with its free 160 acres, then 640 in 1904 with the Kincaid Act, to anyone who would farm them, made a sleeping-giant heartland hugely productive. The last Homesteader was a settler in Alaska in 1976. With the Pacific Railway Act on July 1, Lincoln and the Congress authorized the transcontinental railroad whose steel ribbons seven years later would tie the continent together, hugely accelerating national development. The following day came the Morrill Act. As much as anything in the nation's history, it was Lincoln's foresight which jump-started America's now waning international competitive advantage.

What Lincoln and the Congress managed to accomplish in seven weeks amidst the most perilous war the country ever saw almost certainly did more to propel national development than what any other administration did in the nation's history. Revered as the Great Emancipator, Lincoln also deserves the laurel of the foremost and most farsighted presidential national developer the United States has ever had.

While the Homestead Act began boosting national productivity as soon as homesteaders' first crops came in, and the Transcontinental Railroad did so the day after the Golden Spike was driven into the Utah desert at Promontory Point in 1869, public investment in higher education kindled by the Morrill Act took longer to bear fruit but became the foremost engine of national development and American international competitive advantage.

The term "investment in human capital" coined by economist Jacob Mincer in 1958 was employed by Michael Porter in his landmark 1990 *The Competitive Advantage of Nations* in which he showed that the most potent national advantages are gained from the investments that a country makes in its own people, and that the most powerful of these is education. Medical care is second. Porter's groundbreaking global research cited the United States and Singapore as particularly successful examples of investment in human capital to promote national economic development.

In Singapore's case, the only resource which the small country had to work with was her people.

As Singapore's founding Prime Minister, the brilliant Lee Kuan-Yew, once noted, his nation's only natural resources were 900 square miles of mud flats and a few tigers. Beginning with Singapore's independence in 1963, Lee and his government poured heavy investment into the Singaporean people with free public education through university, national medical care, strong public health measures, up-to-date information technology, and one of history's leading examples of rapid reduction of population growth. A poor country in 1963, Singapore today boasts the world's longest life expectancy, nearly the world's top literacy and university graduation rates, and annual per capita income which just topped \$50,000, a tenth higher than that of the United States.

In the US case, the prime impetus of the nation's until recently unmatched international competitive advantage has been investment in public education by governments at all levels, with the leading drivers being the Morrill land grants founding public universities in every state, free compulsory public education through high school, and the community college movement begun in 1901, all of which rapidly began educating ever larger proportions of the US population well before most other industrialized nations caught on and followed suit. The GI Bill in 1944 and Pell Grants in 1972 were game-changers further accelerating investment in national human capital through education.

Today, American state universities turn out a significant proportion of the world's university graduates, especially doctorates. Just over half of American high school graduates now go on to receive some college education, a figure until recently unmatched by any other country. With its attractiveness to foreign students worldwide, American higher education has become one of the nation's top export earners. American public universities and colleges have been building these educational advantages for well over a century, giving the United States a long head start in international competitive advantage that springs from investment in human capital begun with the Morrill Act.

The nation's other unique higher education innovation — an American expansion of the very definition of education — is the community college movement begun with Illinois' Joliet Junior College in 1901. America's 1,167 community colleges not only prepare people to transfer to four-year schools to complete their baccalaureates, but have become the main locus of training in the trades, and providing essential spot courses to mid-career learners upgrading their skills. Your college grad relative, nurse, plumber, chef, programmer, co-worker, builder, grandchild or grandparent may well be a community college product.

However, United States investments in human capital and resulting economic surges stem disproportionately from three eras — the 1860s, the 1930s and the 1960s — when the federal government was able to pass visionary, destiny-altering legislation which would accelerate national economic development.

The Lincoln administration not only passed the Morrill Act, the Homestead Act and the Pacific Railway Act, and drove that last spike tying the continent together, but won a war permitting the Thirteenth, Fourteenth and Fifteenth amendments to open the door to African-American talent in national life.

The Franklin Roosevelt administration's creation of the personal savings program called Social Security provided the first decent measure of economic protection to another large segment of the population, allowing its children more options to cement their own economic futures. Polls repeatedly show Social Security as Americans' single most valued government program.

With Medicare, the Lyndon Johnson administration bolstered the security of the elderly, the infirm and therefore of their families, and with the Civil Rights and Voting Rights Acts, freed vast

trapped human capital by finally fully enfranchising African-Americans (and all other citizens) after 88 years of Jim Crow. The Civil Rights Act also outlawed endemic “Madmen”-style discrimination in employment and other spheres of national life which until then had kept reins on nearly anyone who was not male or white.

The reason that Lincoln, Roosevelt and the second Johnson — Republicans and Democrats — and enlightened legislators were able to push through so much nation-bolstering legislation in their three eras was that the party in power had insuperable Congressional majorities, rare situations in American political history and a fortuity denied today. The political super-majorities of the 1860s, 1930s and 1960s were brought about by high national turmoil in each case.

The United States hasn't done as well investing in its human capital by guarding its people's health. While all other industrialized nations and a growing number of middle-income countries have for decades assumed decent health care for all as natural a government role as fixing potholes, the United States now diverts nearly a tenth of *all* national resources, public and private alike, away from bettering the nation's health and into the coffers of insurance company middlemen as misguided and hugely expensive political dogma.

The results are a wasteful national health care bill nearly twice the proportion of national income that any other country pays, and American infant mortality which has sunk to 49<sup>th</sup> place, just above Slovakia and Qatar. United States life expectancy paints an even worse picture, in 50<sup>th</sup> place below Puerto Rico, Bosnia and Macao, and barely better than Libya, Cuba or the Dominican Republic. These rankings come not from any fuzzy-headed compilation but from the CIA. Failure to realize savings from investment in health drags on national economic growth, braking American economic competitiveness.

Today, America's competitive advantage ebbs before our eyes with too many not bothering to take note of it. While other nations promote health, learning and comity, the United States' combination of millions left expensively unhealthy, most states' current disinvestment in public education, and gang warfare in Congress is a wicked prescription for national decline which, in fact, is already under way. Only a few years ago, the United States had enjoyed the world's highest per capita income for decades; today we are 12<sup>th</sup>, just below the tiny enclave of Hong Kong and just above the even smaller Cayman Islands.

As we observe the 150<sup>th</sup> anniversary of 1862's uniquely American innovations of national betterment and how they jump-started the nation's astounding economic development and its unique place on the world stage, we need to ask if we as a nation are paying attention to the only thing that can sustain this great American performance: continuing investment in our own people, particularly their education and health, something to think about this election year. As a blame-game presidential campaign unfolds amidst continuing economic doldrums, the presidential and congressional candidates would do well to recall how Lincoln, a determined Congress, and their mutual comity accomplished so much in just seven weeks 150 years ago.



Peter H. Michael is a graduate of two land grant universities. Two of his children also graduated from land grant universities.