



**The Brookings Institution and Center for Strategic and International Studies
Vying for Talent Podcast**

“How Indiana competes for human capital”

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Episode Summary:

In the latest episode of “Vying for Talent,” Indiana Governor Eric Holcomb discusses how the United States can “get regional” about building competitive talent ecosystems. In discussion with co-hosts Jude Blanchette and Ryan Hass, Holcomb shares insights from his state’s education and workforce initiatives to cultivate human capital and innovation.

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HASS: Welcome to Vying for Talent, a podcast that focuses on how human capital impacts big issues of technological innovation in competition with China. Today, we're going to take our discussion beyond the beltway to hear from a state-level American leader about how local leaders cultivate talent. My name is Ryan Hass, and I'm from the Brookings Institution.

BLANCHETTE: And I'm Jude Blanchette from the Center for Strategic and International Studies. Our guest today is Eric Holcomb, the governor of Indiana since 2017. Governor Holcomb has taken an active role in cultivating Indiana's talent and innovation ecosystem both through workforce development efforts and by bringing human capital concerns into the state's cabinet with new positions focused on building talent.

HASS: In today's discussion, Governor Holcomb will discuss the critical role of talent and innovation in his state and how local leaders are shaping America's human capital landscape. And with that, let's begin the conversation.

Hello, Governor Holcomb, thank you for being with us this morning. The Vying for Talent podcast examines big questions of international competition through the lens of human talent, which starts with the individual. So, we'd like to start with you. Can you tell us a bit about your own background and your journey to becoming a governor?

HOLCOMB: Yes. What a interesting journey it's been. Twists and turns out on the trail. But mine started with graduating from college here in Indiana and ended up joining the Navy and lived abroad for three years in Europe. And came home, got connected with a congressman. And then that led to helping a guy named Mitch Daniels, who was working for the president at the time in the Budget Office. He was OMB director, and he came back, and I saddled up and rode on that, not just campaign, but worked for him for about ten years. I always tell people I had no gray hair before I worked for Mitch Daniels. And was in and around this office that I currently occupy for the better part of eight years.

And, then went to work for Senator Dan Coats as a district director in the state of Indiana. So, was still kind of statewide involved. And then through a very interesting twist, then-candidate Trump selected the current governor, Mike Pence, to be his running mate. He had to drop off the ballot to run for vice president, of course, and someone had to run for governor. And there was a number of us that that were vying for that. My wife and I decided to ultimately throw our hat in the ring. We did. Had never run for statewide office, but had, like I said, been involved statewide. It's much different. And got elected and found myself on the other side of the desk and from where I was and all those years prior.

So, I have no excuse. I know a little bit about the job before, I knew a little bit about it before I got here. And it's obviously, it's an opportunity to, to have a positive impact on a significant number of different fronts. And that's what makes it exciting and truly a real joy to get up every morning and get at it.

BLANCHETTE: Governor Holcomb, throughout this project, we've been interviewing a whole range of individuals. The founder of TSMC, the semiconductor fab in

Taiwan; Kath Hicks, the number two at the Pentagon; Nobel prize laureates, academics. So, really trying to get at this issue of understanding the way that human capital plays into national competitiveness from a lot of different angles.

I'm really excited about this conversation because it strikes me that sort of that question of how many brigades does the Pope command? If you're just asking Washington, D.C., about human capital development, you're missing in many ways the real story, which is all the interesting, challenging stuff—no offense to D.C.—but happens at the subnational level, happens at the state and local level.

So, I wonder if just a broad framing question I can ask you, in your current role as governor of Indiana, can you just give us a lay of the landscape of how you approach this issue of human capital, workforce development, talent? How does a state official see this potentially different from someone sitting in Washington, D.C., who's thinking at the national level?

HOLCOMB: Yeah, well, just speaking for myself—and there are others out there in the gubernatorial ranks that I know think this way, because we do talk about it a lot—but I view it as a part of a sales job. If you want to be successful in sales, you got to solve somebody else's problem or meet their need, at the very least. And so it's very competitive at one sense in terms of you're trying to skill up and provide the actual fuel it takes for a company to go and then therefore grow. Because if you're not growing as a company, whether you know it or not, you're dying, and the competition is right there.

And so, what I do is I wake up every day in a very healthy, competitive spirit in the sense that how do we make the state of Indiana the most attractive place for people to want to be and to live and to work and to play? And that sounds oversimplified, but it's not. It's not profound to be thinking about, "How do you attract more people?" They got to want to be there. Like at the end of the day, what do you want? And it's true in this sense, too.

And so that that means you have to have, in my opinion, a very attractive tax and regulatory environment. The math has to work for someone to grow and to be able to prosper and to pass that on. And so that means low cost. That means the economic climate has to be one that presents certainty and predictability and stability. And in this case, in Indiana's case, continuity, I would argue. And a growing GDP, a growing population.

So, that's kind of first and foremost in the terms of how we sell our state to attract and grow a workforce and always leaning in to the future, always looking out around the corner, and through policy, trying to address those things each and every year.

It also means maximizing your location, location, location, meaning how do you connect with the rest of the world. Individuals connect with each other, communities connect with each other, our state with other markets. And you have to show up. That's a big part of it is showing up and making sure whether it's a small town—we're 80 plus percent farmer/forest terrain in the state of Indiana. So, if we want to expand our field, we've got to connect those portions in today's competitive environment, meaning broadband internet, high speed, affordable, et cetera, et cetera, et cetera. So, it's not just roads and rail and airports and water ports. It's all of the above. If you

want all the above to be present and active in the workforce, to get the skills at the very least.

Then we have to make sure we're offering amenities. Oftentimes the workforce chooses where to live before they choose where to work. It's much different than my father. I moved back to Indiana. I was in the Navy overseas. And, as I said, and I moved back to where my parents were from. And they said, What will you do there? And I said, I don't know. I'll figure it out. What job will you get? I said, I don't know, I'll figure it out. And that's in my opinion kind of a turning point when people started to think, not necessarily I'll be somewhere for 50 years or 40 years or 20 years in the Navy and then out. It was, I'll figure it out.

And I was attracted because of all the history, I'm a kind of a history buff. And so I moved down to Vincennes, the territorial capital. And so it was very enticing to me, almost magnetic. And, here we are.

And so, you have to make sure that the amenities are there. That canvas has to be very diverse in terms of sports, and outdoor beauty, and cultural, museums and the arts and all the things that really, if you're judging thriving communities, those boxes are checked, or at least you're close to them. You could you can live in the rural area, but you're close to a suburban or urban area and they're kind of spokes to that hub. And architecture, fine dining, all those things kind of feed into what makes an area, or in our case a state, attractive to then therefore work.

And then you've got to go out and get the jobs that are going to be around, or work to get the jobs that are going to be around, in the in the future. And that's where we're really leaning in and therefore skilling up our own K through 12 and beyond. It's a lifelong journey, but that's where people not just have hope, they actually have a ticket to their success, the proven skill level to, again, thrive.

BLANCHETTE: Can I just ask a quick follow up, which you just touched on in your answer, but I wonder if you if we could just unpack it a little bit more. Which is some of the national level figures we've been talking to about human capital, national competitiveness, of course, think about aggregate strategies for upskilling the workforce. At the state level, it's not so simple because, as you indicated, there's competition between and among states for where companies are going to locate, where new investments are going to go. As a state leader, how do you think about that dynamic? Where is it in Indiana's interest for other states to improve their business climate and workforce? And where does it feel, maybe threatening isn't the right word, but where does it put more competitive pressure on you if another state, quote, does well?

HOLCOMB: That's something that that that drives me. And I look at this maybe through a little bit of experience and getting around the world and trying to fit all the pieces of the puzzle together. Let's just take the state of Indiana, for example. We may think things are far apart from one another. It's two cities, maybe Indianapolis and Evansville or Indianapolis and Fort Wayne or Chicago to Indianapolis. If you're sitting in Asia or Europe and they're looking at a map, they look at that as a commute. And if you're in Seoul and you say, well, we're working with 11 counties and the K through 12 school corporations to feed in to address the baby boomer retirements, to make sure we've got a pipeline there. Now, those 11 counties represent about a 45 minute, hour drive. They look at that like a normal commute.

Right? And so, it's very close when you say Crane Naval Warfare Center and Bloomington, Indiana University, those are close. That talent reservoir at Indiana University or Purdue or Notre Dame, they're all in the back yard, literally.

And so I always approach this as we need more feeding in to the needs of the customer and the customer being the business that's fueling our state growth and paying the bill and all the services that we provide at the end of the day. So, we can do more with more.

And so, therefore I expand that out to even then—I'm rooting for Indiana, of course—but if not Indiana, my first call to Governor DeWine was congratulations when Intel decided to go there, because that's going to benefit Purdue, quite frankly, and they need Purdue and Michigan State and et cetera. So, I love Indiana, I love the Great Lakes region, the Midwest, and America. And so if something goes to Arizona, great, if it's coming here. And we're all interconnected and we're all a lot closer to one another.

And by the way, there is a lot of jockeying that goes around—it's competitive. The human capital is what's worth the most, and that's what drives the innovation. That's what drives the not just the production or the manufacturing, but the research and the ... and the development, of course, but the testing. And when you get into areas like semiconductors, just to stay on that topic, that's going to require regional efforts or the new energy sources—hydrogen, et cetera—developing that's going to take a Great Lakes effort. And I think that's where America will truly not just bloom or blossom, but continue to grow far beyond what we are currently, meaning we'll surpass our potential in the way we think about it right now if we get regional about this. And that's what we're doing in the state of Indiana.

HASS: Governor, you describe as one of your missions empowering Hoosiers with the skills they need to succeed in the economy of the future. What do you mean by the economy of the future? And what skills do American workers need to succeed in it?

HOLCOMB: When I'm thinking about that, it's really like I said, I want every student, whether they're getting a certificate or a credential or their GED or their Ph.D., I want them to literally feel like they've got their ticket to success at that point for that job at whatever rung of the ladder it is that they've got their ticket to success and that they can continue with upward mobility as far as they want to go. There is a pathway there.

And that has to be obvious. It can't be rhetorical. It has to be lit up, a lit up pathway that folks can say, Okay, look it out into the future and the future economy. We find ourselves, obviously, you know, in a digital economy, we find ourselves leaning in to in terms of defense in Indiana microelectronics and hypersonics and semiconductors, the new energy sources. And so, what we have to make sure we're preparing our students for is that digital, data-driven world out there that that so folks don't wake up thinking I can just enter in this workforce and have a mundane, routine—maybe no drama is the wrong way to describe it. But when you think about the creativity that goes along with the jobs of the future, what's required of those jobs of the future, that's where we have to have ... yes, ag is still very important to the state of Indiana's future, but it's ag bioscience right now.

Just to trace it back or personalize it, my great grandfather immigrated to this country for a specific reason, for a new future. And this is in the 1800s. He and his two brothers were blacksmiths. I've read an article in a newspaper where he talks about the future of Oaktown, Indiana. This is Oaktown's population is 600. And he's talking about the future of shoeing. This is in the '40s, 1940s when he does this interview. And he says, "The good Lord gaveth and replaced it with rubber," in this article. And so he talks about how he used to shoe horses, hundreds of horses that would come off a train. And now they're working on the automobile or tractors and going from a plow to a tractor. And he's very optimistic.

And so, we've been obviously innovating forever. But now we're talking about plant genetics. And in that article he talks about the future is bright and wide open. And even the boy here—the boy's my dad, he's six years old, on a dirt floor in a brick blacksmith shop—and he says even the boy here, he's making things with his hands like airplanes. Says this in the article in the 1940s. My dad retired from Rolls-Royce, and he just woke up every day and tried to make aircraft fly higher and faster.

So, you think about where we were and where we are currently and then where we're going in terms of ag or defense, manufacturing, et cetera, it's all advanced and it's all plus tech. And so we've got to make sure at a very early age these subjects are second nature. And of course we have the foundation, but we are equipped very early on.

And as I mentioned earlier, you've got a company, like just many companies, I'll just pick one, but Stellantis, who has a joint venture with Samsung SDI, to for their battery manufacturer in the state of Indiana, couple billion-plus joint venture. They are the company that I was alluding to that has relationships with multiple counties around them that aren't just trying to attract employees of today. They've looked out and said over the next 12 years, this is how many employees we lose due to retirement. So, we've got to replace those. So, we better be bringing folks in to our businesses.

And fourth graders—I love seeing fourth graders come to our State House. Love it. And I always tell them, I brag about the building, it's magnificent. But I always say to them, I hope you take tours of businesses that are 12 miles from your home. I went to Japan and I looked at these third and fourth graders in white lab coats doing laser welding at an auto manufacturer. And it's not just so that they see this ain't your grandfather's factory. This is high tech, it's exciting, you do different jobs, you move around, the world's small. And their parents also know how many jobs are available within that 12 mile radius of their home. They know what they are because their child was even there. And so, we've got to do a whole lot more ingrainin what's been there the whole time.

So, when I'm looking at the ag bioscience or data analytics or chip semiconductors—and by the way, all of those fields, all these new fields are of the future and equipping them with the skills they bring—battery production is not just one thing, or semiconductors, it's not just one skill set. It's the fab or the manufacturing part of it is different than the testing or the research or the memory and the logic.

And so, what you're going after and how you build those ecosystems is what's so incredibly important today and making sure that, at least what I'm seeing, companies are making decisions based on not just in time, but just in case. And that's the

pressure that really forces a state to say, How are we going to not just go get a business, the one business, and say, yay!, we got 1,200 jobs and they make \$35 an hour and it's a \$2 billion investment. No, it's what's the ecosystem so that they're going to be here for the for the long haul and continue to develop and create here?

And that's why you need, to get directly at your question a system that says, How many associates degrees do you need? How many Ph.Ds.? How many masters? The actual curriculum. Show me exactly what you need and then we'll go get it. We got 30 private colleges in the state of Indiana. We got the single largest accredited community college in the country.

And so that means it's in everyone's backyard—different campuses. They can adapt to, are we talking about medical devices? Are we talking about RVs? Are we talking about autos? The future of mobility? Tell me exactly, and then we can build, if we don't already have it, we can build a curriculum from associate's to Ph.D. And that's kind of our secret to success—and it's not so much a secret because it's everyone is gravitating toward this.

But that's what really seals the deal at the end of the day is when you can show, like the salesman, when you can show a semiconductor business a new state like Indiana that's kind of emerging on the scene—we're not Arizona, we're not Silicon Valley, we're not New York, rooting for them. There's enough to go around by the way, there's a ton more capital coming in. And so, how do we across the country go from blooming to maturity. And that's where the skill sets become prominent.

BLANCHETTE: Governor Holcomb, what you said just really sort of resonates with me as I have been learning on this process of human capital, specifically the point you mentioned about ecosystems. That was very new to me as a way of thinking about human capital. And it was in a discussion with Intel where they had said, Look, when we think about expanding out our presence here in the United States, we're not just thinking about where do we put a new fab or factory. We have to think about all the second, third, fourth order effects. Right? So, if you want to have employees there, what are the schools like?

Can you talk a little bit more, because I think that's such an interesting, underappreciated point for us idiots in Washington that it's not just the simple matter of you as a governor of Indiana trying to attract a company. You know, if Cummins is going to survive and expand in Indiana, they're thinking about this whole ecosystem of supply chains, how do we attract employees, how do we get people in Colorado who are thinking about moving to a different state to know that, hey, if I move to Indiana, they've got great jobs. There's preschool. That just seems like such an extraordinary number of elements to build that ecosystem. Can you just talk a bit about how you think about that?

HOLCOMB: That was an eye opener for this idiot in Indiana. I used to think that the more opportunities that were in a dense area, that would prevent a new company from wanting to go there because the jobs are already filled, the jobs are already taken. I'm seeing the opposite occur. Companies love where there are options, and the good companies love to compete. And the really good companies love the whiners and the complainers because they're not solving the problem. They're not upping their culture. When you go to Switzerland and you're at Roche and Novartis, which can literally see each other—people that go work there stay there in that area

because they know, A, they have options, and B, they're competing with a business culture to attract and retain their employees.

So, when you build the ecosystem, there's of course, always a churn in the workforce. But having more options available close draws in more population from places all over the country and the world. And so, that is very important to not take your foot off the gas because you think you've tapped out, in my opinion.

Also I think what companies are looking for is, are governors, departments of workforce development, et cetera, are they aligned with their HR goals and mission? And part of that says, where are you building specific pipelines? Because again, I look at this as math. I look at Indiana has almost 7 million people, we've got a 3% unemployment rate right now. So, full. We've got about 114,000 people out of work, but say they want to work. We've got about 96,000 who are out of work and are seeking work. We've only got about 16,000 who are receiving unemployment benefits, to put it all in perspective.

And so, when you look at, okay, we've got about 1.9 million people who could be in the labor force but aren't. I get that, I understand. Quit calling my father, quit wishing for my father to come out of retirement and get back in the game. He could be in the workforce. He ain't coming back, like he's happy with what he did.

So, when you start to just do the math and you look at what am I left with? Then you start to say, okay, we've got 23,000 Hoosiers who are incarcerated. How do we bring down the recidivism rate? But how do we get them employed and their lives turned around so that they're a generator, not a taking resources, but they're contributing.

And so, you start to look at all these different buckets and they sound like a bunch of numbers, but they're actual people which equate to fuel for a company. And so, we look at every student, that 90 some thousand that are graduating every year. We look at how leaky the pipeline is and the pathways, how full they are coming right out of college going into a career or going on to college. And we measure, which is the key, all of that, and then share it with the local regions with curriculums built and designed for their local economies or their regional economies.

And I think the key is how do we get people that started college but quit? How do we get more folks in a specific zip code that have no one in their families ever been to college? And then have a plan put in place for each of those. And I think that's what the companies are looking for.

And you mentioned Cummins, not to drone on and on here, but I'll never forget an experience I had in Pune, India, at Cummins. And Cummins in Pune was working on a project that was going on simultaneously in Columbus, Indiana. So, because of technology, it knows no time zone, like the project is going on in different parts of the world, meaning they're very close to each other, really.

And so, how a company again fits all those pieces together—cost, the workforce, the regulatory environment, where people live—I don't get worried or concerned when a company is growing globally. I look at it as a "glocal" effort, a global and a local effort that are combined, and how do we fit in to their equation? And there is a place for that. And if you've got the skills, if you've got the expertise, then you can fit in. There is no such thing as an unemployed Rose-Hulman graduate. Okay? So, that that

doesn't exist. And so how do we make sure more of those Rose-Hulman graduates stay in Indiana and grow here, or attract people from all over the world—a student from India that comes to DePaul that stays in Indiana. And so, those are policy efforts that are underway right now to get even better at that, where we, quite frankly, are lagging right now.

HASS: Governor, you were mentioning a moment ago your travel. You've led many trade missions around the world. How do you see those efforts contributing to this question of cultivating and developing human capital inside Indiana?

HOLCOMB: It's reinforced everywhere I go just how small the world is, how talent is attracted to talent. And we're not going to, you know, trade chickens for candlesticks anymore. We're in a global environment, America has to sell to the rest of the world. We're not just going to grow corn and soybeans and sell to the cities and towns and maybe jack up the price to Kentucky. It's a global endeavor.

Now there are rules of the road and they need to be followed and enforced. And that kind of veers off into a federal lane, which I'll respect. But my job is to make sure that when we enter into a deal internationally that, number one, they know that I'm in it forever. It may not be me, but it's the state of Indiana is not cutting a ribbon or putting a shovel in the ground to get a headline. It's this is a forever commitment to your company so that you know you have a place, a certainty, to grow, innovate, and compete 20 years from now. So you're the next Cummins, or Lilly, or Cook Medical Group—they're doing a couple billion, they started in a garage.

So, what we have to do is be able to demonstrate with Saab, GE Aviation, and Rolls-Royce, these companies, that an understanding of here's where you're going, and so are we. And we'll make the necessary investments just like you do. And I always say it really is we are a companion to them. And it's not just we're friends and, you know, friendship comes from going through times together, good and bad.

And during COVID, it wasn't real public, but I was on the phone with folks all over the world just checking in, just saying, in Asia and Europe and elsewhere, How's it going? What can we be doing? I know these are these are uncertain times, but what do you need? And usually ten out of ten some days, it was, No, we're good, we're going to get through this. But just them knowing that it wasn't, again, rhetorical, it wasn't just Eric having dinner and negotiating a deal with them in Taipei, that now he's gone.

And I think that's where the world just becomes so small and time goes seemingly faster and faster and faster. The world's spinning faster and faster, and the competition is fierce and relentless in the private sector, which is great. Now, we have to be able to keep up with that. And the really good governors, by the way, thrive off that. We feed off of it. And that's where that's a healthy competition. And we learn and of course, we're looking at what everyone else is doing because I'm not too proud to steal a good idea.

BLANCHETTE: Governor Holcomb, you just trying to think about how this all fits together. You just talked about the role of foreign investment, foreign companies. We talked a little bit about sort of the big established Indiana based companies, Cummins, Lilly. I wanted to ask about a third plank of this, which is how do you think about how Indiana can cultivate or be an ecosystem where entrepreneurs come to

create startups or where native Hoosiers want to remain to create the next Google, the next Facebook? How do you think about that in terms the regulatory environment, policy support? Or, how do you think, again, within that paradigm of an ecosystem where those future companies can come to be created?

HOLCOMB: Yeah. Critically important as you say, or maybe to repeat, when we're thinking about the economy of the future or the businesses of the future, it should be understood that we're talking about in the same breath those small startup companies being part of the future. We have to create this environment, first and foremost, create the environment for them not just to survive, but to get there faster, so to speak, in Indiana than maybe some other places. And that is policy, that is the tax and regulatory environment, that is access to not just capital, but to the workforce, and one thing we're really leaning into.

So often, by the way, businesses—and I can say this from a personal perspective—whether they be small or medium sized businesses, take for granted what is close. And so, it takes it takes the educational establishment and it takes the business community to come together, to each come together to be part of the same effort. And so often I hear about businesses that are very close to universities or colleges or high schools who aren't taking advantage of the programs that are in place to accommodate exactly what they need.

I had a dinner with a number of CEOs from a certain region of our state. And one was complaining about workforce shortages. The next one was complaining about workforce shortages. The next one was complaining. And I got to the fourth guy and I said, Okay, I'm here, time for your complaint, you know, give it to me. And he goes, I have no complaints. And this is a fabulously successful guy, got over a thousand employees, attracts folks from around the world, is hiring another over a thousand people. So, exploding business. And he said, I have no complaints. And I said, Well, what's the secret? And he said, Well I've got talent pipelines built into Ball State, Purdue, and Grace—so three different kinds of colleges or universities.

And he goes, now I'm attracting people from Miami. I've got to get talent, you know, I've got someone on a retainer basically, that goes and gets me someone, but they could be living in Paris if I need that. But I have to do both. And that means I have to have a relationship with the people that are generating the workforce. And they do. And so, that's built into their system.

And then what we've also done is we've gone out through a partnership with an organization called Conexus because Indiana is per capita the number one manufacturing state in the country, and we're centrally located. So, logistics is very important to our future. And so, Conexus represents those fronts. And we've developed a program partnering with them that has state grants that go into these small- and medium-sized businesses in rural parts of our state, suburban, urban doesn't matter, and provides these manufacturing modernization readiness grants. Maybe they wouldn't have invested before, and seven years from now or five years from now or two weeks from now, they might be out of business. But if they're making the investment and it's important for our state. So, it's those type of investments into the small business community that can make or break a company down the line.

And then our Indiana Economic Development Corporation understands that 99% of our businesses are small businesses and that's the lifeblood. And when you talk about a Toyota or a Subaru or a Honda or a General Motors or a Stellantis, as you mentioned earlier, that supply chain, including workforce—workforce is a supply chain issue as well. And so, if a Toyota has to say, Okay, we've got employees that need to go work down the supply chain temporarily, that's a new phenomenon that hasn't been practiced as much as we're starting to see now, so that the lines can remain open.

And so, the IEDC, the Indiana Economic Development Corporation, has programs for those small businesses to make sure, including capital—this is one reason why Forbes just announced Indiana as the best state, this year, 2023, to start a business, and I think it's because of this question, is how are we providing the curriculum, the financial resources and the partnership to make sure that they have a good chance to make it in Indiana.

HASS: Governor, we could its very clear talk for hours or days on this topic. This has been such an incredibly rich conversation, but we've promised your staff that we would allow you to return to the affairs of the people of your state. And so, we will we will pause it here, but hopefully continue it in the future. But thank you so much. It's very clear why Indiana is thriving and the discussion today has really illuminated it. So, I think there's a lot for the rest of the country to learn from the experience of Indiana. And thank you for sharing your insights with us today.

HOLCOMB: Thank you, guys. Love to see you out there in person sometime. Love to stop by and to be continued if that invitation exists.

HASS: It certainly does. Thank you, Governor.

BLANCHETTE: Thank you, Governor.

[music]

BLANCHETTE: I thought that was a really interesting twist on the conversations we've been having so far with academics, with national level leaders, with folks in the U.S. military, because it shows how pragmatism is a unavoidable demand of being a local leader. I think to some extent when you're at the national level, it's an important and it's a hard job, but there isn't quite the really sort of enforced requirement that you're always actively thinking about how you are meeting day-to-day concerns of your local constituents. And I think that came through with the discussion with the governor, how he really has to, as he said, wake up in the morning thinking about competition and cooperation with 49 other states, how he plugs into national level discussions. And then he's also thinking globally about how does Indiana attract investment talent from around the world?

One of the things that stuck out to me, and maybe this is a bias because it supports the overall thrust of the podcast, is that he again highlighted, as I think he said, human capital drives innovation. And this is something that has been a theme across this podcast is oftentimes at a superficial level we're thinking about the outputs of innovation—a semiconductor, for example, or a manufacturing plant. But really leaders who are put in positions of having to think about how do you get to that output are forced to be thinking way upstream about how do you, as he said

throughout the podcast, really build that pipeline of innovation and build an ecosystem that supports that innovation.

HASS: I couldn't agree more, Jude. I think it really was refreshing to talk to a state-level leader because they are accountable for the results in their state and it clearly showed. And listening to the governor talk about all the efforts that Indiana is undertaking to attract talent, it doesn't surprise me that Forbes has ranked Indiana the top state to start a business.

One of the comments that the governor made that really struck with me and surprised me a bit was his response to your question about whether states are in zero-sum competition with other states to attract capital and talents to their state. And he really sort of turned your question on its head and said, no, there is a regionalism that is taking root in what happens in nearby states benefits Indiana as well. And he used the example of Intel deciding to build a fab for semiconductors in Ohio and how that will benefit Indiana, because Intel will require talent and talent will come out of universities in Indiana like Purdue. And so, there's a real integration across states which struck me.

I also was struck by sort of the infectious energy he had about this topic. This clearly wasn't something that he was reading talking points from a memo about. This was something that he was passionate and on fire about. And it really came through.

BLANCHETTE: Yeah. I appreciated him broadening my thinking when I asked that question, because it's now once he said it's somewhat of an obvious point that if you're a company and you're looking for talent and workforce, you don't say, Well, it stops at the state's edge and we're going to have a different Indiana talent. You're just thinking about who is within a sort of a reasonable distance of this new fab that we could potentially draw on.

I think the point that also came up in the discussion, which is one that is more recent to me, but has really changed my way of thinking about this, is looking at a lot of these issues that we've talked about in the podcast through the lens of ecosystems, that if a company like Intel, or even pick an Indiana company—Cummins—is thinking about expansion, is thinking about success over the long term, it's not so simple as are we going to get a tax break and then we pedal to the metal from there. They're having to think about the entire network or ecosystem of dynamics which will shape success. So, if you're thinking about building a new fab in Ohio or you're thinking about a startup in Indiana, it's your physical location, it's how appealing will that location be to prospective employees. To get that, you're having to think about what the schooling is like. You're having to think about crime and safety. You're having to think about transportation networks.

And so without a holistic view of that ecosystem to support innovation or support the development of human capital, you can't build out a sustainable strategy on this. And so hearing him emphasize that was interesting, because I've now heard that across a number of conversations with companies and with policymakers that it's really until you switch to the lens of thinking about a full, holistic ecosystem of success, it's really that which is going to get you to a sustainable strategy of developing and deploying and utilizing human capital over the long run.

And final point, that I think, as we've said before, is where the U.S. has a really enduring and significant advantage, partly because of, I think, a much more healthy state-private sector relationship. One where we allow spontaneous forces like entrepreneurs to come to the discussion, one where we have a democratic process for thinking about and for holding accountable leaders like Governor Holcomb to put his money where his mouth is. I think those are all features that China lacks that we see, frustrating as they can be at times, ultimately, if you're thinking about that ecosystem lens, we have, I think, the far superior institutional set up to build and sustain those ecosystems.

HASS: I think that that's incredibly well said and it's an important point, Jude. You know, it's a reminder that if an observer only focuses on what is happening at the national level in the United States, they're missing an extraordinarily large piece of the picture of our national condition.

[music]

But with that, thank you for joining us for today's podcast. To learn more about the podcast, visit [Brookings dot edu slash Vying for Talent](https://brookings.edu/Vying-for-Talent). We look forward to being back with you again in about a month for the final episode of this podcast miniseries.

BLANCHETTE: I'm Jude Blanchette at the Center for Strategic and International Studies.

HASS: And I'm Ryan Hass at the Brookings Institution. Vying for Talent is a co-production of the Brookings Institution and the Center for Strategic and International Studies. And it's brought to you by the Brookings Podcast Network. Learn more at [Brookings dot edu slash Podcasts](https://brookings.edu/Podcasts). And you can send us feedback to Podcasts at [Brookings dot edu](https://brookings.edu).

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