

The 2010 Meltdown: Solving the Impending Job Crisis

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Review by Lisa Rice

Excellent book – engaging reading and tons of items that will spark ideas for you!

Overview: “Addresses the interconnections between technology, globalization, a major worldwide demographic shift and the increasing global shortfall of skilled and educated people.” Spells out solutions that indicate the key to managing future changes is by supporting the transition of US workers to more competitive, higher paying/higher skill jobs. Gives you great stats such as: 2008 the labor force median is 40.7 years and going up; 80% of all boomers say they plan to work part-time after retirement; yet companies are still reluctant to hire older workers because of perceptions around learning and liability; but we need to increase by 25% those over 55 participating in the labor force to maintain productivity – doesn’t touch growth; the shortage is worldwide and even more severe in France, Germany and Italy; add to that the dismal fact that about 50% of the US adult population can not read well enough to fill out a job application, read a driver’s license manual or compute change when making a purchase.

Yet amazingly the BLS states that over the long term labor supply and demand will balance and that we will not see a shortage! But economists say we are at a time of ‘creative destruction’. Business leaders say that the shrinkage of the workforce is the greatest threat to national security because of the increased need for foreign skilled workers.

Major Themes:

- A. Techno-peasants – Workforce is divided into 3 parts: 25% ‘smart people’ who are well educated and have special career skills; 25% are ‘walking dead’ who are victims of mergers, etc. and need to acquire new skills to change jobs or careers; the rest are ‘techno-peasants’ who are poorly educated and have few, if any, special career skills. With almost half the adult population reading below 6th grade level, these are the techno-peasants trapped in low-pay, low-skill jobs unless we do something now!
- B. Culture trap – American people are in denial about the need for skills, which is why the supply of high skilled workers is increasingly international. A high school diploma has little meaning in determining whether students are ready for college or work and yet that is our main focus – get the diploma, get the GED – not get the math, science, English that you need to advance with your skills. Popular culture led us to believe that only the brightest could really benefit from a higher level skills education. Amazingly Americans are complacent about the techno-peasants and believe they live an alternative lifestyle that has little to do with them. Yet by 2010 this low skilled underclass will be so large that it will threaten cultural and economic foundations of our society.

Amazingly 1 in 3 young Americans expect to have high status and high paying jobs, yet few imagine themselves working in service or technical industries. What a disconnect! Because these are the sectors that will have the high-wage jobs growth over the next 10 – 15 years!

Cultural change will meet resistance unless pushed by a contemporary catastrophe. This change eventually flows from the daily living patterns of people, where internal family attitudes are the most important to affect yet they are also the most difficult to alter.

- C. Education reforms – Who has time to read? Gen Y want the info like they get their entertainment – fast paced, interactive and with an immediate payoff. Yet, if they continue to be wired without being truly engaged in learning then they will also join the ranks of the techno-peasants. Why? Because they are losing the capability to read and fully understand materials because they have been raised with merely skimming for information. Losing this capability means less informed, active and independent minded Americans will emerge.

What is being taught in schools is part of the reason for dropouts – they are not being challenged and they fail to see the application of what they learn to their future life. This is ripe for change with direct application of skills through business involvement in the education arena.

- D. Broken career machine – Too many people have been trained for the wrong jobs and it continues today. We will increasingly lack enough people to fill jobs that support high-tech economies. Professional specialty occupations growing rapidly, but will be outpaced by technical certificate occupations (i.e. lab techs, airplane mechanics, carpenters).

Basic problem is in motivating people to prepare for high-tech jobs. This is the breakdown – mismatch of lower skilled people to high skill jobs will rise to stellar heights. High skill jobs will go unfilled and yet potentially millions of lower skilled workers or people educated for low growth careers will sit on the economic sidelines. Those that are holding technical jobs will become the high wage earners and even surpass the degreed workers in pay.

Policy Solutions:

- A. Education w/Business – Solution must begin in K-12 grades and states should mandate that for every student math and science are foundation skills that must be mastered. Key components for schools to implement the transformation in standards are: good local leadership (including WIB's); great teachers; supportive parents. Parents need accurate info from the school on how the liberal arts education relates to the real world and how their child's personal aptitudes and interests align with potential career opportunities (which may not be college based).
- B. Sixth Discipline – Business must drastically increase investments in training the current workforce! 'By 2015 America will have little choice but to support massive career preparation efforts that dramatically address cultural attitudes that lag behind employment opportunities demanding a smarter workforce in every American community.' More importantly – it is education, not location that determines the standard of living. What a strong message for us to bring to businesses today!

Business is becoming impatient. They will go to other countries for the skilled labor force if we don't produce it here. However, there is still a lack of effort by businesses

to commit to training their own workforce rather than relocating to wherever the tech savvy people live. Four organizational responses to investing in workforce training need to be addressed: apathetic/antagonistic (small businesses fall into this area); reactive (no evaluation of the effect); bureaucratic (training budget has to be spent); strategic (CEO is committed and sees links to business needs and specific training, plus evaluation occurs to confirm the link).

- C. Global Markets – Allows more efficient use of the world’s resources and usually boosts average incomes, but if we engage in protectionism because of jobs going global we will cripple the US industry as it hampers the creation of new high-tech innovations.

What it means to us: ‘Every community needs to change its people and job development infrastructure to sustain a dynamic, internationally competitive US economy.’ It’s about Culture, Education, and People.

- A. Mature Workers – One change is a skill and technology training center that retrain thousand of older workers for new high-tech jobs in Fargo, ND. The joint venture with business has companies sending their current workers in for retraining. Other examples are in the book.
- B. Not just job training – Generic, government-run job training is not the answer! Training moves people up in skills and wages when it is heavily influenced by business – either by business directly providing the training or developing the curriculum for educational institutions to use. We must push for true business involvement with education – k – 20!

For businesses economic success it means placing more value on increasing personal knowledge of the workforce than is placed on such things as buying the latest IT item. Those that are engaged, look for the ROI, which is a useful tool for us to motivate them to support training efforts. EmployeeBenefitNews.com offers a variety of calculators on Measuring Trainings ROI. Also free of charge spreadsheets to calculate ROI are at www.imperialcorp.com

‘The answer to the challenge is for every business to create more smart people to redesign jobs and work process as they will create more high-value-added products at lower cost and higher profit.’

- C. Life long learning – Why? USDOE states 50% of US adult population lack the advanced skills that are the foundation for most future high-paying jobs. The new wisdom necessary for workers to survive is: good liberal arts education PLUS special career education component that includes constant skill updates throughout one’s career lifetime. Knowledge technologists are emerging and they have 3 development needs: formal education that gives them a general foundation, specialized career education, continuing education.

Class of 2000 had an 86.5% high school completion rate, but when you look at only high school diplomas (not GED) it dropped to 69%. GED sends a different message to businesses. Youth haven’t realized that the standard of living is going to be dependent upon the quality of their education.

Yet mention Life Long Learning and most adults will balk, which means that it requires a cultural change that may result in emerging guiding principles for everyone (outlined in the book). A few of these principles are: everyone must have critical thinking skills; every person (children to adults) needs access and exposure to career information to make informed career choices; and every person needs to achieve a high school diploma with 12th grade level abilities in reading, writing, math and science.`

- D. Global outlook for change - For cultural change look to South Korea – where they were literally destroyed and yet as they emerged most South Koreans placed a strong internal cultural value on education. As a result of parental demand, standards have been driven upward and improved education is one of the pillars of the Korean economic miracle.

China will have to overhaul its entire educational system to sustain its skyrocketing growth – watch for this because they are ‘hungry’ like America was 40 years ago.

India is increasing the number of high skilled workers it has, yet they are still struggling to attain basic national literacy. This will change as the economics of the high skilled workers impacts the spread of their education system.

Japan needs over 600,000 immigrants every year until 2050 just to keep its workforce stable because of the graying of its citizens. While Japan is great at its worker training programs its university system does not engage students and many of the teachers lack critical thinking and innovation themselves.

As these and other countries increasingly look for skilled workers the US skilled workforce will suddenly have expanded global potential for their jobs, which will leave America even further behind in meeting its needs for a skilled labor force.