

A Brewing Battle?

A Review of *The Coming Jobs War*

The *Coming Jobs War* by Jim Clifton, chairman and chief executive officer of Gallup Inc., is a somewhat alarmist look at the condition of the U.S. economy. To be sure, significant problems remain for the U.S. and global economies right now. We have emerged from the worst domestic and global economic downturn since the Great Depression, and the downturn took a toll on many.

However, Clifton appears to be more apprehensive than most, and as chairman of Gallup, he has access to a lot of information that might justify his dire outlook on the U.S. economy, but his evidence leaves me unpersuaded.

In fact, throughout the book he warns his reader of a coming “Armageddon,” “economic hell,” “nightmare,” and “predicted demise.” He warns that the United States is facing the “economic battle of its life,” that “this is a ‘game-over’ moment for America,” and that this moment could be the “end for the American experiment in democracy.” But, thankfully, he has the answers (or at least some of them). He identifies 10 key components to America’s salvation, which really amount to only three distinct goals. With my organizational structure imposed, here are his three primary keys to American economic renewal:

- *Create good jobs.* This goal has six subcomponents:
 - Local elected officials should disdain any activity that does not directly lead to job creation.
 - Vibrant cities, top universities,

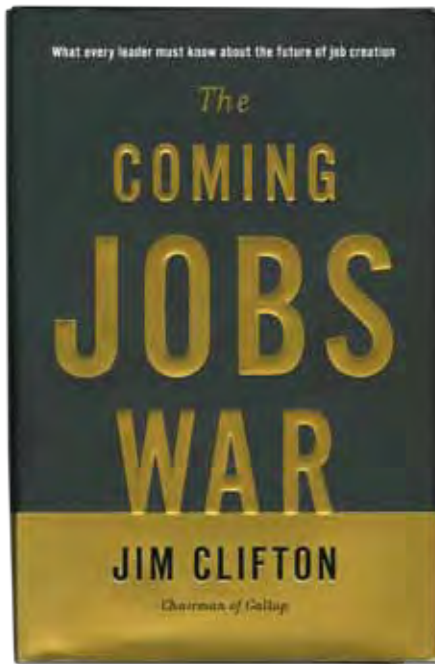
and local leaders are really the only hope for generating local job growth.

- Move investment focus away from innovation to entrepreneurship.
- Companies must place a high priority on making workers feel engaged in their jobs, producing a better customer experience, increased demand, and thus increased jobs.
- Every strategy must relate to small-business creation and acceleration.
- Exports should be tripled over the next five years.
- *Focus on preventive health care.* Americans need to develop a healthier mind-set to control health care expenditures.
- *Reduce high school dropout rates.*

The best way to create more jobs is open to debate, but these are three terrific goals—not because if we don’t achieve them, China will surpass us economically. Rather, it’s because achieving them will make us, as a whole, a more prosperous nation with increased collective well-being. This is an important distinction. By presenting these goals in a framework of going to war with China over jobs, Clifton passes up an opportunity to garner sustainable support for achieving these goals.

How best to achieve well-being?

For example, the *World Happiness Report*, cowritten by John Helliwell, Richard Layard, and Jeffrey Sachs and published by the Earth Institute at Columbia University, uses many of the same Gallup sources that Clifton cites. But that publication provides concrete examples and statistical backing to claims such as the importance of a “good” job in generating a person’s sense of well-being and happiness, traits that—along with the relationship between well-being and political stability—should provide sufficient motivation for any society to place a high priority on job creation.



In addition, framing job creation in the context of a war means one side wins and one loses. Clifton claims that if U.S. leaders fail to create enough jobs to maintain our dominance in global gross domestic product (GDP), we lose the war. In reality, our challenge is to create enough jobs to maintain a level of societal well-being sufficient for political stability. China needs to do the same. Again, we can quibble about the best way to do this and whether there are other issues (such as fair trade) that need to be resolved, but our focus has to be clear: what matters is not how well we are doing relative to China, it's how well we are achieving our own goal of sustained individual and societal well-being. I'm afraid that if our political and economic leaders focus on our *relative* progress, we will lose sight of the ball.

In fact, if our leaders focus on (relative) societal well-being or measures of happiness rather than on GDP (Clifton asserts that "Gross National Wellbeing is critical for GDP growth"), the United States has already lost. In most of the measures presented by the *World Happiness Report*, the United States consistently

ranks outside the top 10 and always behind countries such as Canada, which has not enjoyed the level of economic growth and expansion that the United States has over the past decades. In fact, the *World Happiness Report* also points out that during the decades that the United States has dominated the world in terms of GDP, our gross national well-being remained flat.

Debating government's role in job creation

Another concern I have about Clifton's admirable goals being lost in the rhetoric stems from proclamations of absolutes and exaggeration. For example, in one breath he states, "the government has never, will never, nor should it be expected to ignite badly needed sustainable economic booms." In the next breath he credits the commercialization of the Internet with the U.S. victory against Japan and Germany in what he terms the "Jobs War of 1970–2000." It's hard to know whether Clifton is not aware of, or just doesn't want to acknowledge, the billions of federal dollars that took the Internet into the social mainstream, producing thousands of jobs along the way. He credits Al Gore as a "super-mentor" by sponsoring the High Performance Computing and Communication Act of 1991 (HPCC) in the Senate, implanting the new technology in the realm of business and industry. The only credit government gets in this story is that the technology was created inside the Defense Department. What Clifton also does not mention is that the technology was "thrown into the hands of business and industry" wrapped up in a nice little \$4 billion package (the estimated amount of HPCC program funding between 1992 and 1995, according to a 1994 report from the U.S. General Accounting Office). This apparent inconsistency between Clifton's absolute dismissal of the usefulness of government in sparking sustained economic growth and an unmistakable example of government doing just that unfortunately throws many of his other unsubstantiated absolutes into question.



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Clifton is also, unfortunately, prone to exaggeration. For example, the statistic that he cites as motivation for achieving one of his top goals—reducing the high school dropout rate—is that "approximately 30% of [high school] students will drop out or fail to graduate on schedule." The problem is that "dropping out" and "failing to graduate on schedule" are two different things, and the National Center for Education Statistics (NCES) has different measures for those events. The 30 percent statistic that Clifton repeats for the remainder of his book as the dropout rate is actually the four-year public high school completion rate. This rate could be considered an important measure of the performance of a local school, but it is not the dropout rate. The NCES defines two dropout rates. The one that comes closest to what people think about as dropout is referred to as the status dropout rate, which measures the share of 16- to 24-year-olds who are not in school and who report not having a high school degree. According to the NCES, the status dropout rate for 2009 (the latest reported) was 8.1 percent overall and 9.3 percent among blacks. It's likely that most people would agree that these rates are too high, but they don't represent one-third of the students in high school. Additionally, Clifton doesn't offer solutions to this problem. He merely states that student hope must be doubled and that local leaders will know how to accomplish this intangible feat.

Further exaggeration occurs when Clifton states that San Francisco "saved the republic and national job creation" because it was the epicenter of the tech-

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