Community Vitality in a Rapidly Changing World

Ted Abernathy
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In 1971, Alvin Toffler Wrote That the Pace of Change...

"Is the dizzying disorientation brought on by the premature arrival of the future, a product of the greatly accelerated rate of change in society."
How Is The Economy?

What are the factors of a good or bad economy?
Global Unemployment Rates - 5 Years

<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>9.1%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Japan</td>
<td>4.7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>China</td>
<td>6.1%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Canada</td>
<td>7.1%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Euro Area</td>
<td>10.0%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Australia</td>
<td>5.2%</td>
<td>5.7%</td>
</tr>
<tr>
<td>India</td>
<td>10.8%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Brazil</td>
<td>11.2%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Russia</td>
<td>6.1%</td>
<td>5.9%</td>
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</table>

South Africa: 26.7%
Greece: 24.1%
Spain: 20.1%

Source: The Economist June 18th, 2016

Source: The Economist June 18, 2016
Figure 3-1
IMF World Real GDP Growth Forecast, 2010–2020

Percent Change, Year-over-Year

Actual Growth

Forecast Sep-2011
Forecast Oct-2012
Forecast Oct-2013
Forecast Oct-2014
Forecast Jan-2016
Forecast Oct-2015

Source: International Monetary Fund (IMF).

Sources: TIP Industries U.S. Bureau of Labor Statistics, Current Employment Statistics (total nonfarm employment, seasonally adjusted); NBER (recession dates); New York Times (format)
Annual U.S. Employment Change

Source: BLS April 2016
Southern States 1-Year Employment May 2015 to May 2016

Source: U.S. BLS, June 2016
Alabama Economic Performance

Source: BLS & BEA
#1- Ubiquitous Global Competition
#2- Accelerating Urbanization
Half of the US Population Lives in these 146 Counties

SOURCE: BUSINESS INSIDER 2013 WALTER HICKEY AND JOE WEISENTHAL
In 2013 Tyler Cowen, an economist at George Mason University, predicted in his book “Average is Over” that the fortunes of both people and places would become more polarized. Ambitious and talented workers, he argued, would want to work in a relatively small number of cities and regions. These vibrant clusters would then benefit from increasing returns to scale, cementing their advantages.

Source: The Economist March 2016
#3- Technological Disruption
How Automation Will Affect Your Job

New skills, a shorter work week and more leisure time will be yours in 1975—thanks to machines with "brains"!

By Robert Bendiner

THE YEAR is 1975. For a man of 50 leaving a factory gate at five in the afternoon, you look remarkably fresh. Your light, comfortable-looking summer suit is pressed and spotless, your face and hands are free of grime, and your features show no sign of the strain that men once associated with the heat and...
#4 The Skills Mismatch
The Great Skills Mismatch
Skills Do You Need To Be Successful in a Rapidly Changing World?
Can the Skills of the Talent Pool Keep Up With the Demand for Skills

Are the demands of businesses rising faster than the abilities of the average worker with average intelligence, average skills and average motivation?

Source: No source, I made this up
#5 Demographics
Demographic and Societal Trends

Fewer children-in 1960, 3.7 children, today 1.9
A billion shades of grey

"Thanks to us oldies, the world economy is threatened with secular stagnation, China’s prospects are deteriorating and inequality is rising."

"That’s nice, dear."

ECONOMIC LEADERSHIP
#6 The Changing World of Work
Careers are now complex, fragmented, specialized, collaborative and ever evolving. More often than not, our work life will be made up of a portfolio of micro-careers.
Median Family Income of Adults Age 30-39 by Educational Level, 1964-2014
Top Factors for Companies Considering New Investment

1) Availability of **skilled** labor
2) Highway accessibility
3) Quality of Life
4) Occupancy or construction costs
5) Availability buildings
6) Labor costs
7) Corporate tax rate
8) Proximity to major markets
9) State & Local Incentives
10) Energy availability and costs
11) Tax exemptions
12) Expedited or “fast track” permitting

Source: Area Development 30th Annual Survey of Corporate Executives, March 2016
How can we improve our communities?
What is economic vitality?
What is economic vitality?

You have 5 minutes to define it.
Option #1
Make our community more attractive to good and stable employers.

- **Government could**: prepare sites for industry prospects, develop community broadband
- **Businesses could**: develop skill training programs or apprenticeships, invest in community improvements
- **Citizens could**: launch a community beautiful program, develop programs to help drug addication
Trade-Offs or Consequences to Consider:

We can *make our community attractive to good and stable employers*
But, *there’s no guarantee that employers will come even if we make considerable investments to make our community more attractive.*

<table>
<thead>
<tr>
<th>Examples of What Might Be Done</th>
<th>Trade-Offs or Consequences to Consider</th>
</tr>
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<tbody>
<tr>
<td>Build and maintain physical infrastructure, including advanced telecommunications infrastructure.</td>
<td>Investment in infrastructure is extremely costly and is likely to require increased taxes, with no guarantees of success.</td>
</tr>
<tr>
<td>Train students and workers for skills that are in demand by employers, including “soft skills” such as punctuality and getting along with others.</td>
<td>Skill needs are constantly changing. By the time we ramp up a training program, it may be obsolete.</td>
</tr>
<tr>
<td>Provide programs to address drug addiction and other employability problems, instead of jail time.</td>
<td>Drug addiction is a complex social problem with few simple answers; adequately addressing the issue requires the active involvement of multiple community actors. Also, many who have addiction problems do not want help. Besides, drug use is a crime; we should treat it as such.</td>
</tr>
<tr>
<td>Create a business-friendly environment (taxes, tort reform, permitting processes, etc.).</td>
<td>Reducing regulations may remove important safeguards that protect citizens and lowering taxes may reduce funds available for investments in education and social service programs.</td>
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Option#2
Prepare workers and communities to be more self-reliant

• **Government could**; establish purchasing policies to preference local businesses, incent repurpose of abandoned building

• **Business could**; prioritize local suppliers, mentor local entrepreneurs

• **Citizens could**; buy-local, incubate entrepreneurs
Trade-Offs or Consequences to Consider:

We can *prepare workers and communities to be more self-reliant.*

But, *entrepreneurship is risky; many new businesses fail. Even those that “succeed” might remain small and generate little money.*

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<td>Look toward unique community assets as a basis for economic activity.</td>
<td>Not every community is blessed with unique natural or historical assets. Spending money on the “Largest Ball of Yarn” museum, or a similar endeavor, may be a waste of our resources.</td>
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<td>Provide more support and incentives for new business start-ups.</td>
<td>We should leave this to the marketplace rather than using public funds to try to pick winners and losers. As much as we want it, not every community can be the next Silicon Valley.</td>
</tr>
<tr>
<td>Revamp our education system to prepare students to become entrepreneurs and “free agents.”</td>
<td>Self-employment or freelance work is not always steady and freelancers are on their own for health care, retirement and taxes. This lifestyle is risky for those without savings for lean times. Plus, without ties to an employer, freelancers are subject to leaving at any time for a more attractive living environment.</td>
</tr>
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<td>Give preference to local purchasing in government contracting.</td>
<td>It’s often cheaper and more efficient to purchase goods and services from larger suppliers. Buying local is a nice idea, but it is likely to cost taxpayers more. In addition, if this idea spreads, vendors in our community will be less likely to get contracts in other communities.</td>
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Option #3
Provide everyone in our community with opportunities for success

• **Governments could**; enact living wage requirements or partner with philanthropists to establish scholarships

• **Business could**; provide more work experience for youth, support early childhood education

• **Citizens could**; support at-risk youth, create parenting programs
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<td>Enact employer mandates, such as living wage requirements.</td>
<td>Adding mandates such as these may make our community less competitive to new businesses – and make it difficult for existing ones to create new jobs, cause them to layoff existing workers or even drive them away altogether. Is it better to have fewer good quality jobs, or jobs for more of our citizens, but at lower pay?</td>
</tr>
<tr>
<td>Establish mentorship as well as business internship programs to ensure that all young people have access to positive role models and connections within and outside the business community.</td>
<td>One-on-one connections such as these require a lot of volunteers and manpower – individuals will have to devote their time. Liability issues associated with having students in the workplace are also a risk to businesses.</td>
</tr>
<tr>
<td>Focus on reducing teen pregnancy, providing parenting training, and a values curriculum in K-12 schools.</td>
<td>Families are left out in deciding on a curriculum.</td>
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<tr>
<td>Work with businesses and philanthropy to establish community-wide college scholarship programs.</td>
<td>Should we be subsidizing students from families that can afford to pay on their own?</td>
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What are the tensions and the tradeoffs?

- What values seem to be in conflict?
- What tradeoffs would you personally be willing to accept?
- What do you think should be done (if anything) to address the unequal people and places problem that we face?
- How should communities decide what to do?
Feedback Time

Questionnaire
Follow on twitter @tedabernathy or LinkedIn Ted Abernathy

“Leadership and learning are indispensable to each other.”

John F. Kennedy

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