

Record: 1

Title: Putting America Back to Work.
Authors: George, Bill
Source: BusinessWeek; 9/28/2009, Issue 4148, p96-96, 1p
Document Type: Opinion
Subject Terms: UNEMPLOYMENT -- United States
RECESSIONS
EMPLOYEES -- Dismissal of
JOB creation
ECONOMIC recovery

Geographic Terms: UNITED States Report Available

Abstract: In this article the author discusses aspects of unemployment in the U.S. He is critical of the structure of the U.S. economy due to the recession having caused the loss of 7 million jobs, which is more than any other recession. Also investigated is the possibility that an economic recovery in the U.S. will not include unemployed people getting jobs unless more jobs are created rather than just saved.

Lexile: 1110

Full Text Word Count: 781

ISSN: 00077135

Accession Number: 44243541

Database: MAS Ultra - School Edition

Section: BUSINESS VIEWS

OUTSIDE SHOT

Putting America Back to Work

Why the U.S. faces a jobless recovery and what can be done to change that

Fifty years ago the Soviet launch of Sputnik led to a national commitment to strengthen U.S. science and technology and put a man on the moon. That shift in priorities and the impressive results inspired a new generation of innovators--people such as Bill Gates, Steve Jobs, and Arthur Levinson--to create Microsoft, Apple, and Genentech. The companies they built created tens of thousands of jobs and revolutionized American industry.

Today the U.S. is facing a much more ominous event: the loss of 7 million jobs, double that of any recession in our lifetimes. This isn't just a short-term problem; it's indicative of structural flaws in our economy.

Economists are telling Americans a recovery is under way. It's true that government investments of nearly \$2 trillion have saved Wall Street from collapse and that both the financial sector and corporate profits are bouncing back. But what about Main Street, where the jobs crisis gets deeper every day?

The Bureau of Labor Statistics reports that 16.8% of Americans are unemployed or underemployed, including those who have stopped looking. These statistics are much worse among Americans under 25, a quarter of whom can't find a job. For recent college grads with jobs, half are in positions not requiring degrees. Economists argue jobs are a

lagging indicator. Not this time. None of the CEOs I know are hiring. Without prompt action, this recovery will be a jobless one.

The Obama Administration talks about saving jobs, but what we need to do is create them. While General Motors has emerged from bankruptcy, it is unlikely to hire more American workers. Summer construction projects and Cash for Clunkers provided short-term relief but not sustainable jobs. Much of the stimulus package has been spent on reducing state budget deficits and modest tax cuts, used by many consumers to pay off massive debts.

Instead of clinging to yesterday's economy, we should use this opportunity to rally around the cause of making the U.S. fully competitive. But what will it take to create sustainable jobs? We need to refocus on America's great strengths: innovation, entrepreneurship, small business, and new company formation. These were the engines that drove job growth in the 1980s and '90s. We can do it again by unleashing these powerful forces.

The biggest job creators are small businesses and companies that are expanding, like my former company, Medtronic, which has created 35,000 jobs in the past 25 years. Yet our national policies, unlike those in many European and Asian nations, often work against them.

One lever for creating jobs is the tax code. Imagine the surge in new businesses if tax credits for long-term investments were raised. And what if R&D tax credits were raised and made permanent? President Barack Obama had a great idea back when he was campaigning: offer a one-time capital-gains tax holiday for investors in new companies, or make capital gains taxable on a sliding scale so that they decline the longer an investment is held.

The U.S. already puts an emphasis on research spending. But now's the time to double down, especially in renewable energy, information technology, and health care--three of America's greatest strengths. And with so many workers who lack the skills for tomorrow's jobs, we should institute massive retraining and education programs to prepare workers for the high-tech jobs where the U.S. has a competitive advantage.

But this commitment to jobs has to extend beyond the government. The great job creators of the past decades--companies such as Google, Wal-Mart, Microsoft, Intel, Amgen, and Starbucks--are all innovators. Today's CEOs and venture capitalists can inspire future entrepreneurs to create the companies and the jobs that will revitalize the U.S. That's what PepsiCo CEO Indra Nooyi (page 51) has been doing by moving her company into healthy foods and beverages. Venture capitalist John Doerr of Kleiner Perkins Caufield & Byers is investing in dozens of startups in renewable energy. CEOs Eric Schmidt of Google and John Chambers of Cisco Systems continue to invest in emerging info tech companies.

Almost 50 years ago, John F. Kennedy seized the moment and declared an audacious goal. President Obama has a chance to offer a similar challenge to tomorrow's entrepreneurs--and to give them a clear shot at the target.

Jack and Suzy Welch are off while Jack recovers from a back infection.

PHOTO (COLOR)

PHOTO (COLOR)

~ ~ ~ ~ ~

By Bill George

Bill George, professor of management practice at Harvard Business School and the former chairman and CEO of Medtronic, is the author of 7 Lessons for Leading in Crisis.

Copyright 2009 The McGraw-Hill Companies, Inc. Copyright of Business Week is the property of McGraw-Hill Companies, Inc. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use. The McGraw-Hill Companies, Inc. ("M-H") and its licensors retain all proprietary rights to the Information. The Information is provided for the Subscriber's internal use only. Subscriber may utilize limited excerpts from the Information on an ad-hoc basis in the ordinary course of business provided such excerpts do not constitute a substantial portion of any issue of the Information and a credit to M-H is included. Subscriber may not redistribute, publish, or otherwise disseminate any portion of the Information to any third party. Subscriber may not republish, broadcast or distribute the Information over any internal network. Subscribers may download and archive, for personal use excerpts of the Information on an ad hoc and temporary basis, not to exceed 90 days, provided such excerpts do not constitute a substantial portion of any issue of the Information. Subscriber agrees to reproduce the M-H copyrights notice on any downloaded Information. In the event of misappropriation or misuse of the Information, M-H shall be entitled to obtain injunctive relief. NEITHER M-H NOR ITS SOURCES MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO ACCURACY, ADEQUACY, OR COMPLETENESS OF INFORMATION CONTAINED IN THE INFORMATION, WHICH IS PROVIDED "AS IS", WITHOUT WARRANTY AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR USE, OR RESULTS, NEITHER M-H NOR ANY SOURCES SHALL BE LIABLE FOR ANY ERRORS OR OMISSIONS NOR SHALL THEY BE LIABLE FOR ANY DAMAGES ARISING OUT OF USE OF THE INFORMATION, WHETHER DIRECT OR INDIRECT, SPECIAL OR CONSEQUENTIAL, INCLUDING LOSS OR PROFITS, EVEN IF ADVISED OF THE POSSIBILITY.