

PDP Communiqué

The Road to the New Economy: Speed Bumps and Detours

Eugene J. Monaco

Director, Professional Development Program

"It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change." — *Charles Darwin*

To be sure, the U.S. economy experienced a profound transformation over the last decade or so, morphing itself into what has been commonly called the "New Economy." With its global marketplace, the New Economy promised to transform the nature of work, the workplace itself, the way we learn, and the relationship between learning and work. The mantra of the New Economy was change — with flexibility, speed, risk, and innovation the rules. The impact was ubiquitous, and the mantra repeated so frequently it became clichéd.

In retrospect it's easy to understand how this happened so quickly and pervasively. Fueled by technology, the beguiling prospects were irresistible to all areas of the old economy. Technology-driven job growth and inflated wages quickly became the norm spurring on a drive towards ever-higher real wages, an explosion of telecommuting, increased leisure time, and an anticipated competition for the smaller pool of tech-savvy professionals who would be left to handle the massive work load created in the wake of en-masse baby boomer retirements.

Enter the Learning Society with knowledge management and human capital as its underpinnings. The fields of continuing professional education and workforce development seemed destined to become an essential part of this new order. Those of us in the field moved confidently into the emerging niche between the old, familiar landscape and the new economic order rising on the horizon. The knowledge infrastructure of the 21st century was to consist of unmatched education, training, and lifelong learning with performance support pumped directly into the workplace if not onto the desktop. The prospects seemed real and the future looked bright. However, something happened on the way to the New Economy — a dark cloud emerged, casting a shadow over the bright future.

This cloud contained an unforeseen consequence of the New Economy—globalization and outsourcing, which moved tens of thousands of skilled jobs across the globe to India, China, Russia, and other lower-wage countries, and left tens of thousands of American workers unemployed. This trend, which is further predicted to shift three million service jobs to foreign workers by 2015 — about 2% of all American jobs, has rained on the New Economy. Just three years ago, educated Gen Xers seemed set to rule the world. Since the downturn, the situation has dramatically changed. From 2000 to 2002 the household income of those under 35 dropped 14% — representing the greatest decline in earnings of any age group.

Continued on page 2

A Newsletter from the
Professional
Development Program,
Rockefeller College



UNIVERSITY
AT ALBANY

State University of New York



PDP's D'Andrea Brooks, was awarded a Secretarial-Clerical Council Award through the University at Albany's Initiatives For Women, a program that helps women students, faculty, and staff by providing them financial support to advance their educational and professional goals.

***Tech Valley's Higher-Education Sector a Key Driver
for Economic Development*** by Lyn Taylor — Page 3

VOLUME 11, FALL 2003



GEORGE DOWSE

*Eugene J. Monaco, Director and
Public Service Professor*

PDP Director Eugene J. Monaco announces two new programs.

PDP has partnered with the State of Vermont to design and deliver a comprehensive case management training program for staff who work with families receiving TANF assistance. Enabling case managers to develop strength-based assessment skills, it addresses the challenges faced by workers serving families required to participate in activities leading to permanent employment. The second project will develop a web-based learning center with an initial course for new Food Stamp workers. It will also provide staff with the ability to maintain the learning center and build new courses on their own.

"We're especially pleased with the capacity-building aspects of each project," noted Monaco. "As a result of our work, the Vermont Department of Prevention, Assistance, Transition, and Health Access will be able to continue the training using PDP-developed curriculum as well as develop e-learning courses on other topics. The projects exemplify our working partnership approach to individual and organizational performance."

The awards, totaling \$918,000, were made following a rigorous review of the PDP proposals which faced stiff competition from other educational institutions and private vendors.

Not only are these workers earning less — but also they are working harder and longer in pursuit of diminished earnings. Vacation time shrunk while work time grew. More managers and professionals experienced longer working hours than ever before. In 1992, just over 5 million of them put in 49 hours or more a week; last year that number hit 10.8 million. Baby Boomers have not retired in the droves predicted just a few years ago, but are clinging to their jobs.

At this juncture it serves us well to reflect, for the notion of a New Economy is not really new. In 1932, Bernard Baruch, recalled that, "In the lamentable era of the 'New Economics' culminating in 1929...if we had all continuously repeated 'two and two still make four,' much of the evil might have been averted." The same could be said of the U.S. experience during the boom of the 1990s. So, we have to ask, did we merely forget our past lesson, or is our current situation so different that it was unpredictable and unavoidable? It is painfully difficult to reconcile the macro-economic and mega trend outlook with the individual realities of dislocated and unemployed workers. Arguably little is new beyond the technological advances. People still work at jobs for a living, and still buy, sell, and trade goods and services as they have always done.

To find answers, we can look in two directions. In one, a primary driver

of the New Economy — the technology industry. Forward thinking and planning is needed. Here in the Capital Region the Tech Valley initiative is a prime example of how the technology industry can be planned and managed towards successful outcomes. In the other direction are the people, communities, and institutions that will be affected by the impact of change. The Silicon Valley experience represents what happens to people and their communities when the New Economy is unleashed without a clear master plan. Silicon Valley is still reeling from the effects of the 2001 turn in the New Economy. Many of the people there will not recover in their lifetimes.

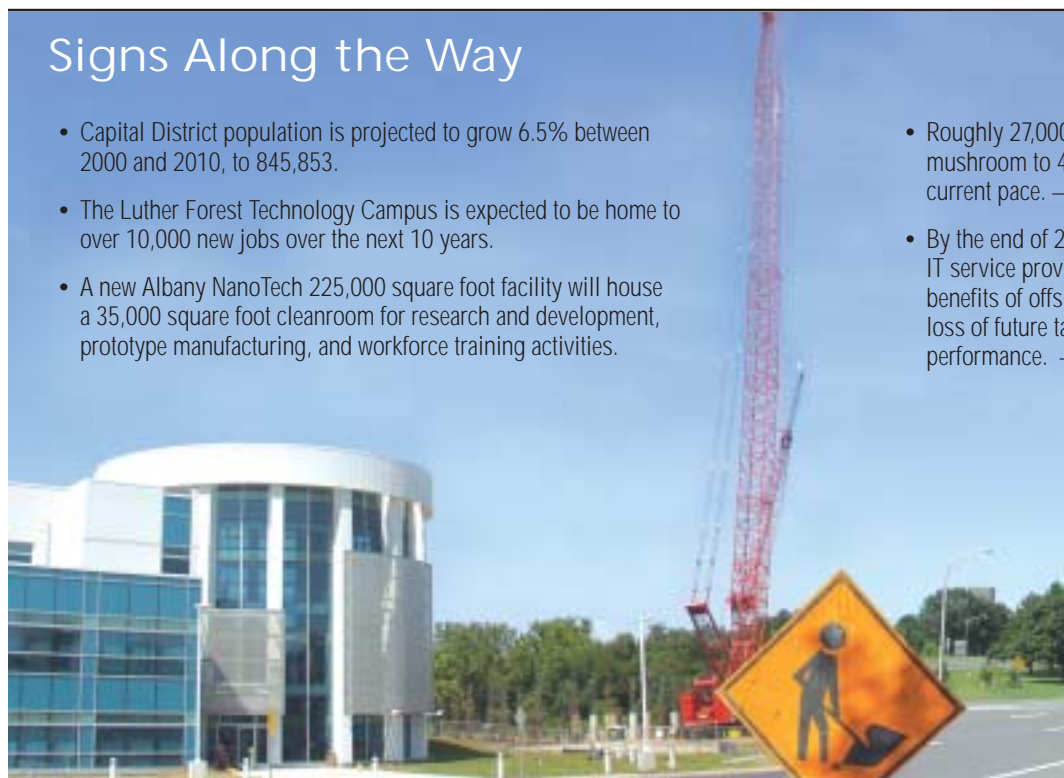
Therefore, there are necessary questions that a community must be responsible for asking and answering. In the case of our own recent successes, community and business leaders are asking, "What will the arrival of SEMATECH, Intel, Tokyo Electron, and others mean for the quality of life in the region?" And even more precisely, "What will be the impact on people, their communities, and the institutions that provide services?" "What knowledge and skill sets do community and government leaders need to manage transition in uncertain times?" "What sort of a workforce will all employers, not just the high tech sector need?" Strong public planning can help realize the promise and preserve what is

Continued on page 4

Signs Along the Way

- Capital District population is projected to grow 6.5% between 2000 and 2010, to 845,853.
- The Luther Forest Technology Campus is expected to be home to over 10,000 new jobs over the next 10 years.
- A new Albany NanoTech 225,000 square foot facility will house a 35,000 square foot cleanroom for research and development, prototype manufacturing, and workforce training activities.

- Roughly 27,000 mushroom to 4 current pace. —
- By the end of 2002 IT service providers will lose the benefits of offshoring. — loss of future technology performance. —



Tech Valley's Higher-Education Sector a Key Driver for Economic Development

Lyn Taylor

President, Albany-Colonie Regional Chamber of Commerce

Tech Valley is brimming with innovative individuals and companies involved in cutting-edge technologies that are truly transforming the region's economy. It's important to recognize that in many cases, their roots are firmly planted in Tech Valley's higher-education community — and, that access to an abundance of intellectual property is a critical factor in Tech Valley's growth.

Home to more than two dozen colleges and universities, along with a host of advanced vocational schools, Tech Valley's quality of education has long been hailed as among the best in the nation.

In fact, a Feb. 2003 report in *Forbes* magazine ranked the Albany-Schenectady-Troy area as the third "Best Place with the Best Education" in the country. And, in July, a study done by *Expansion Management* magazine put the region in the top five percent in the nation in skilled work force, calling the area a place "where companies in the knowledge industries are most likely to find the workers they need, both in terms of quality and quantity."

This ranking — a feather in the cap of all institutions of higher education — underscores the crucial link between colleges and universities and the business community in terms of the importance of grooming knowledgeable, highly skilled workers.

Leaders and faculty in higher education should know that the region's economic viability is closely tied to the quality of students produced at our colleges and universities — and many institutions are stepping up to meet the challenge, working with tech companies to customize educational opportunities for future and current employees. By offering innovative curricula, creating an environment conducive to groundbreaking research and assisting students in connecting with businesses to further their studies and find career opportunities after college, those institutions are to be commended for striving to meet the needs of our future work force.

The jobs available in Tech Valley to today's college graduates cover a plethora of fascinating technologies. From nanotech to biotech, software to



COLLEEN BRESCIA PHOTOGRAPHY

Lyn Taylor

engineering, and alternative energy to medicine, a world of opportunity awaits them. Behind this potential is an impressive line of educators encouraging students to excel and achieve. It is their guidance and teaching that are inspiring tomorrow's researchers, scientists, technologists and professionals, and perhaps more importantly, those who will lead our region into the future.

technology jobs moved overseas in 2000. This number will reach 172,000 by 2015 if companies continue contracting out at the same rate.
— Forrester Research, November 2002

By 2004, one out of every 10 jobs with U.S.-based IT vendors and service providers will move to emerging markets. Despite the economic benefits of offshore outsourcing, there will be a significant impact in terms of loss of talent, loss of intellectual assets, and loss of organizational knowledge.
— Gartner Group, July 2003

Emerging Markets

Did You Know?

- The average computer programmer in India costs \$20/hour in wages and benefits compared to \$65/hour for an American with a comparable degree and experience.
— Cap Gemini Ernst & Young Consulting
- Thirty-nine percent of the current workforce and 26% of new hires have basic skill deficiencies creating demand for work-related education and professional training.
— US Department of Education, Office of Vocational and Adult Education
- Unlike older men who perceived themselves primarily as breadwinners, at least 80 percent of a large sample of Gen Y respondents said that having a work schedule that allows them to spend time with their family takes a higher priority than doing challenging work or earning a high salary. Only about a quarter said that having a prestigious job was very important.
— Harris Interactive, January 2003
- The Tech Valley Chamber Coalition has members from all 18 counties in the Tech Valley region. Work is underway on *Images of New York's Tech Valley*, a first-of-its-kind magazine each chamber will use to showcase the quality of life and business opportunities in Tech Valley.
— Harris Interactive, January 2003

best in the affected communities. Our leadership must continuously be asking, "What is needed now?" followed quickly by, "What comes next?"

It's safe to say that the New Economy is here to stay — and public policy makers, educators, and business leaders must stand side-by-side in planning what promises to be a bright future for this region. If business and government do not invest in a knowledge infrastructure — world-class education, training, and technology — communities will not have what it takes to grow and create well-paying jobs. Simply put, areas that foresee the challenges of the New Economy and plan for innovation, learning, and constant adaptation will be the ones that flourish.

There is a premium on what Nobel Laureate economist Douglas North calls "adaptive efficiency" — the ability of institutions to innovate, continuously learn, and productively change. In the old economy, fixed assets, financing, and labor were principal sources of competitive advantage. To keep pace communities must radically alter their ways. In the New Economy learning, creativity, and adaptation represent the road to future success. Darwin was right then — and he's right now.

PDP and School of Public Health Launch Successful Course



In partnership with the University at Albany's School of Public Health, PDP developed a web-based course to acquaint new workers with the mission and functions of public health. By reading and responding to e-mails, filing newspaper stories, and participating in simulated desktop conferences, the learner discovers that public health is very much a part of everyday life, and how many different agencies work to carry out its mission. Since going live in late February, the course has been visited by over 2,000 learners throughout the U.S. as well as several foreign countries. Orientation to Public Health can be accessed free of charge at <http://www.nynj-phtc.org/oph.cfm>. It is one of several web-based projects being developed in partnership with the University.

PDP Communiqué is produced by the Professional Development Program, Nelson A. Rockefeller College of Public Affairs and Policy, University at Albany, State University of New York

Eugene J. Monaco
Director

Kary Jablonka
Editor

George Dowse
Graphic Designer

No material may be reproduced in whole or in part from this publication without permission.

© 2003

PDP



UNIVERSITY AT ALBANY
State University of New York

Professional Development Program
Rockefeller College
Richardson Hall 301
135 Western Avenue
Albany, New York 12222

(518) 442-5700; fax: 442-5768
www.pdp.albany.edu

First-Class Mail
U.S. Postage
PAID
Mailed from zip code 12222
Permit No. 205