

POLICY WATCH – October 2011

Headlines

- **Historical Precedents Re Even the Jobless Still Say They Have Hope**
- **Even the Jobless Still Say They Have Hope**
- **Hope Uniquely Predicts Academic Achievement, Trumps Intelligence**
- **America’s Growing Population and Youthfulness Create Global Economic Advantages**
- **A Picture is Worth a 1,000 Words**
- **Members in the News**

Here’s Hope -- Things are Better than They Seem!

If you are into pessimism porn, please don’t read any further. This issue of Policy Watch is filled with hope. It is time for us to regain our confidence, stop looking in the rearview mirror and get ready for better days to come. There are bright spots on the horizon and even more important, just feeling hopeful will lead to more positive outcomes. While it is good news that GDP and retail sales are up and unemployment is down, there are other “bluebirds” in the mix.

Historical Precedents Reason for Hope

A look back in time will provide not only context but hope for a better economy. Comparisons of the Great Recession with the Great Depression often lead to a concern that it took World War II to end that depression. As Christina D. Romer writes in “The Hope That Flows From History,” (New York Times August 11, 2011), “what is going to save us today?”



Romer answers that while the war speeded the recovery, the economy was “improving long before military spending increased. More fundamentally, the wrenching wartime experience provides a message of hope for our troubled economy today: we have the tools to deal with our problems, if only policy makers will use them.”

“Monetary expansion was very effective in the mid-1930s, even though nominal interest rates were near zero, as they are today,” say Romer. She takes heart that the Federal Reserve may be using its available

tools more aggressively in the coming months as a lesson learned. Another lesson “is to beware of withdrawing policy support too soon. A switch to contractionary policy before the economy is fully recovered can cause the economy to decline again.” Romer points out that reducing the deficit more sharply in the near term could be a crucial mistake. She says, “The lesson here is that fiscal stimulus can help a depressed economy recover” as demonstrated in depression.

Looking at mismatch of skills and jobs then and now, Romer notes that “because nearly 10 million men of prime working age were drafted into the military, there was a huge skills gap between the jobs that needed to be done on the home front and the remaining workforce. Yet businesses and workers found a way to get the job done. Here the lesson is that demand is crucial – and that jobs don’t go unfilled for long.”

Romer’s last point is about the national debt. She says, “At the end of WWII, the ratio of debt to GDP hit 109% -- one and half times as high as it is now. Yet this had no obvious adverse consequences for growth or our ability to borrow.” She calls for a bolder approach more like that taken in WWII to solve our economic malaise today. Romer says, “Unemployment of roughly 9% for 28 months and counting is a national emergency. We must fight it with the same passion and commitment we have brought to military emergencies in our past.”

Even the Jobless Still Say They Have Hope

In “Facing Hardship, Jobless Still Say They Have Hope,” by Michael Cooper and Allison Kopicki (New York Times, October 26, 2011), it is good to hear that “despite enduring hardships and being even more pessimistic about the nation’s economy that the general public, unemployed Americans remain optimistic about eventually landing jobs.” More than half of those polled expressed confidence that would find employment in the next year, a majority expected that those jobs would be well-paying at a similar or higher salary than they had previously received.

The belief in the American Dream is strong in the unemployed. “Two-thirds of those surveyed said that they still believed it was possible to start out poor in this country, work hard and become rich – only a little lower than the three-quarters of all Americans who believed that.

Hope Uniquely Predicts Academic Achievement, Trumps Intelligence

Having hope is more important than we knew. A new study has produced remarkable results: “When it comes to predicting success, especially in the academic realm, hope does the best job,” says Nadine Bells in *Hope Better Predictor of Academic Achievement Than Intelligence*, (Good News, October 2011). The results of a three-year longitudinal study out of the University of Manchester showed that “trumping general intelligence, previous academic achievement and personality, hope uniquely predicts objective academic achievement.”

A similar study out of Indianapolis found the same hope – achievement connection. This study “discovered that hope, rather than optimism, predicted academic performance, while both hope and optimism contributed to life satisfaction.”

What is the difference between hope and optimism? The late actor Christopher Reeve said, “Unlike optimism, hope is the product of knowledge and the projection of where the knowledge can take us.”

Let’s restore our hope for a better tomorrow, and remember that our success depends upon keeping hope alive for our children.

America’s Growing Population and Youthfulness Create Global Economic Advantages

Demographic changes need to be paid close attention. For much of the world, population growth is slowing which is having significant effects on economic growth. But as Joel Kotkin asserts in “America’s Demographic Opportunity,” (New Geography.com,10/23/11), “the United States remains a demographic outlier, with a

comparatively youthful and growing population. This provides an unusual opportunity for America's resurgence over the next several decades, as population growth elsewhere slows dramatically, and even declines dramatically, in a host of important countries."

Kotkin describes the "demographic dividend," which occurs when a growing population brings new entrants into the labor force at a rapid rate, which tends to generate "waves of growth across several decades." In addition to growth, the age of the population also figures into this dividend. The U.S. has been able to retain its relative youthfulness, "in large part a product of both immigration and higher birth rates." The U.S. fertility rate of 2+ children per woman is "as much as twice as high as many countries, including Russia, Germany, Japan, Italy, Singapore and Korea. As a result, according to U.S. census projections, the U.S. will continue to grow to upwards of 420 million by 2050."



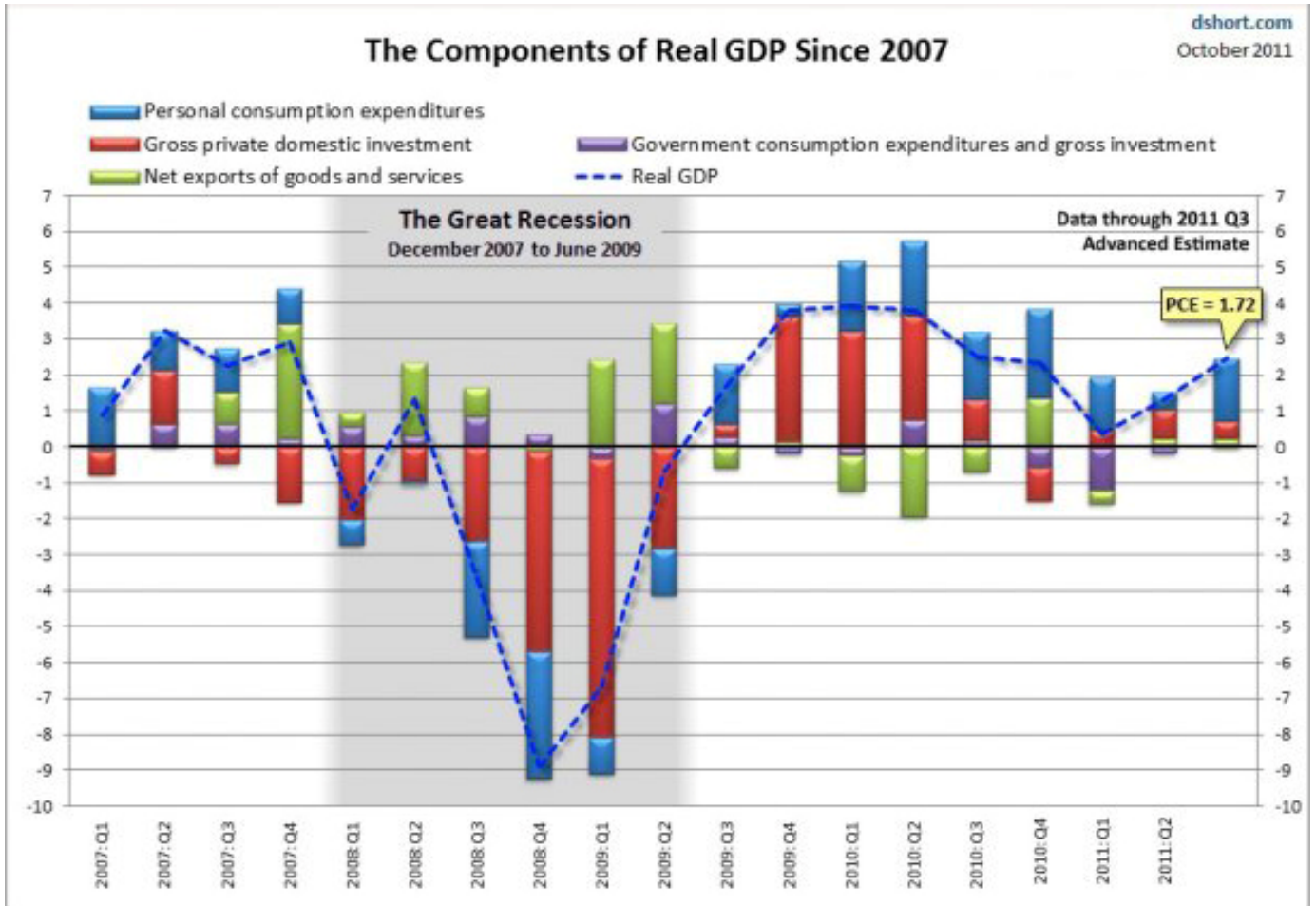
Other countries which are major economic competitors will not see like growth and in fact, many will see population declines. For example, Japan's aging population and "general inhospitability to immigrants," could lead to "a drop from a current 127 million to 95 million by 2050, with as much as 40% over 65 years of age. By then, no matter how innovative the workforce, Dai Nippon will simply be too old to compete."

Kotkin explains the Europe and China also share similar futures. China's single child policy and surplus of boys could lead to 25% of men in their 30s by 2030 unlike to ever marry. Russia's situation is particularly grim with Prime Minister Putin saying that there is a "serious threat of turning into a decaying nation." By 2050, Russia is predicted to lose close to one-third of its population, making it only one-third the size of the U.S. population. Kotkin says, "Persistently low birthrates and sagging population growth inevitably undermine the growth capacity of an economy. In large part due to demographic forces, by 2050 Europe's economy could be half that of the U.S.'s economy."

Kotkin cautions that "For the U.S. to take advantage of its demographic dividend, we need to create the kind of rapid economic growth that sparks widespread job creation." The recession has not only depressed job generation but also reduced immigration and fertility rates. Immigrants have played an increasingly important role in the U.S. economy. Los Angeles, "where immigration dropped by 40,000 annually over the past decade, immigrants constitute roughly half the total of those employed." And immigrants are leading as entrepreneurs, expanding their number of businesses at 50% higher rates than the overall average." The immigrant share of all startups doubled from 14% in 1996 to 29% in 2010 (Kaufmann Foundation).

To continue to reap the demographic dividend, Kotkin urges immigration reform in the U.S. to prevent the U.S. from the declines seen elsewhere that have hurt those countries' economies. He says "A growing population may create great environmental and economic challenges, but it seems clear that a scenario of persistent decline and rapid aging presents a far worse prospect."

A Picture is Worth a 1,000 Words



Members in the News

The North Bay Business Journal selected 13 companies for its inaugural Healthiest Companies Recognition Awards with winners to be honored at the North Bay Business Journal's 2011 Health Care Conference on Nov. 30 at the Hyatt Vineyard Creek in Santa Rosa. The Business Journal collaborated with the Northern California Center for Well-Being and Health Action in Sonoma County on the recognition project. Congratulations to five of the winners who are NBLC members:

- **Agilent Technologies**, Santa Rosa
- **Kaiser Permanente**—Marin/Sonoma
- **Queen of the Valley Medical Center**, Napa
- **St. Joseph Health System**—Sonoma County
- **W. Bradley Electric**, Novato

St. Joseph's Health System's Memorial Hospice, Hospice of Petaluma and North County Hospice will partner with the respected national nonprofit organization, Tragedy Assistance Program for Survivors (TAPS), to bring the TAPS Survivor Seminar and Good Grief Camp to Sonoma County for the very first time. The Survivor Seminar for adults is a day-long program that brings family members together with others from around northern California who also have lost a loved one who served in the Armed Forces, and who – while coping with their own grief – are helping others to do the same. Concurrent with the adult-oriented Survivor Seminar, a day-long Good Grief Camp is offered for children. The program is free to anyone grieving the death of someone who served in the military,

regardless of where they died, or how they died. The program is offered, thanks to a generous grant from St. Joseph Health System-Sonoma County. Space is limited and online registration is required to participate in this program, which also includes a Nov. 18 Friday evening pre-registration session and reception. Please visit www.taps.org to register for the Survivor Seminar and Good Grief Camp online.

Kaiser Permanente is the 2011 recipient of the coveted and highly respected annual HIMSS Organizational Davies Award. The Health Information Management Systems Society recognizes excellence in the implementation and value derived from health information technology. "We're honored to receive the HIMSS Davies Award for organizational excellence in health care IT," said Philip Fasano, chief information officer and executive vice president, Kaiser Permanente. "Every one of our nearly 9 million members today has an electronic health record because of the tremendous talent and vision of our leadership, technologists and clinicians.

Fireman's Fund Insurance Company is proud to announce the local fire departments selected to receive funding through a \$130,000 grant package designed to help make communities safer. In all, 13 fire departments will be receiving a grant, ranging in size from \$3,000 to nearly \$21,000. From thermal imaging cameras and turnouts to rescue tools and self contained breathing apparatus, the variety of equipment funded through these grants is as diverse as the fire departments selected for funding. Twenty-four departments across the country were originally nominated for grants by Fireman's Fund employees. The grant package is part of a nationwide philanthropic program funded by Fireman's Fund Insurance Company. The initiative is designed to provide needed equipment, training and educational tools to local fire departments. Since 2004, Fireman's Fund has issued grants to over 1,700 different departments totaling more than \$28 million.

Medtronic, Inc. announced The Great Place to Work Institute® included the company on the inaugural "World's 25 Best Multinational Workplaces" list published by FORTUNE magazine. The company, the highest ranked in healthcare and 13th out of the top 25 companies from all industries, was selected primarily from results of an employee survey that highly ranked Medtronic's policies and practices that support a culture of credibility, respect, fairness, pride and camaraderie. To qualify for this prestigious list, companies must appear on at least five national Great Place to Work lists, have at least 5,000 employees worldwide, with 40 percent or 5,000 employees or more working outside of the company's home country. In 2011, Medtronic was named to the Best Workplaces lists in Canada, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain and the European Union.

Northbay Family Homes and its sister non-profit organization **Suburban Alternatives Land Trust** are pleased to announce the successful first phase completion of the REO HOMES FOR THE WORKFORCE green renovation program*. More importantly, this success means two more families in our community have achieved homeownership! The homeowners, the Albabtain and the Bruinsmas, provide hope that other families can take next steps toward homeownership. Both of the homeowners came to the program via NFH's community outreach. And, other prospective homeowners have been informed about the program through their "Friends" network and are obtaining PreApprovals and taking advantage of the *IT TAKES A TEAM*** assistance program. To learn more about Northbay Family Homes, please visit our website at: <http://www.nfh.org>

Sutter Health's Van R. Johnson Sutter Scholars program awarded college scholarships to 157 deserving students who are the children or grandchildren of Sutter Health and affiliate employees. Scholarships range from \$1,000 to \$3,000 and may be applied to either a community college or four-year university for the 2011-2012 academic year. The Van R. Johnson Sutter Scholars program has awarded more than 3,700 scholarships totaling more than \$5.5 million to Northern California students since its inception in 2003. Sutter Health named the program in honor of former longtime Sutter Health CEO Van Johnson.



Who We Are

Twenty years ago, business leaders founded the North Bay Leadership Council on a simple premise: We can accomplish more by working together. Today, the Council includes over 40 leading employers in the North Bay. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. As business and civic leaders, our goal is to promote sound public policy, innovation and sustainability to make our region a better place to live and work. For more information: Call 707.283.0028 /

E-mail info@northbayleadership.org

www.northbayleadership.org