



**A 20-Part Series of Articles**

**By: Chuck Vollmer**

**6 February – 4 April 2017**



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## **President Trump's New Economy Challenge 20-Part Series**

Chuck Vollmer  
6 February – 10 April 2017

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## President Trump's New Economy Challenge Series

President Trump's New Economy Challenge: Part 1 of 20



**Keywords:** *Presidential Transition, Cabinet Picks, Donald Trump, Trump Administration, 25 Million New Jobs, Mike Pence, President Trump's Pro-Growth Tax Plan, Jobenomics National Grassroots Movement, President Trump's America-First Trade Policy, Free Trade, President Trump's Unleash American Energy Policy, President Trump's Infrastructure Plan, National Broadband Plan, Bureau of Labor Statistics, U.S. Labor Force, Manufacturing, Outsourcing, Automation, Contingent Workforce, employment, workforce development, economic development, business development*

President Trump has outlined a bold plan to create 25 million new American jobs in the next decade and return to 4 percent annual economic growth. Since Jobenomics deals with the economics of business and job creation, the 20 million followers in the Jobenomics National Grassroots Movement enthusiastically support such a bold plan. To make this plan a reality, the incoming Trump Administration will have to focus not only on the old (industrially-based) economy but on the emerging new (digitally-based) economy. From a Jobenomics perspective, more attention needs to be placed on the emerging new economy than currently proffered to the American public by the new Administration. As such, Jobenomics respectfully offers this 20-part blog series entitled "President Trump's New Economy Challenge" that will be posted over the next two months.

Major New Economy trends and challenges that are addressed in this series include: understanding the current American workforce employment and unemployment situation, exploiting the emerging digital economy and its seven major sub-communities, enhancing American global competitiveness in the emerging network and energy technology revolutions, managing the labor force shift from standard workforce agreements to a contingent workforce that now includes 40% of all U.S. workers, reversing the decline in small business (the engine of the U.S. economy) and mass-producing startup businesses, mitigating the exodus of adult workers who can work but choose not to work in favor of lives of dependency or alternative lifestyles, reducing income inequality by increasing income opportunity for the 72% of American wage earners who make less than median wage, balancing degree-based education with training and certification programs, and implementing a viable urban renewal small business and job creation strategy for blighted inner-city communities.

The Table of Contents for Jobenomics 20-part blog series on "President Trump's New Economy Challenge" includes a wide range of major business and labor force trends that are reshaping the U.S. economy.



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Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, "**President Trump's 'Bringing Back Jobs and Growth' Vision**" scheduled for release on 12 February 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*

## President Trump's "Bringing Back Jobs and Growth" Vision

President Trump's New Economy Challenge: Part 2 of 20



**Keywords:** *Presidential Transition, Cabinet Picks, Donald Trump, Trump Administration, 25 Million New Jobs, Mike Pence, President Trump's Pro-Growth Tax Plan, Jobenomics National Grassroots Movement, President Trump's America-First Trade Policy, Free Trade, President Trump's Unleash American Energy Policy, President Trump's Infrastructure Plan, National Broadband Plan, Bureau of Labor Statistics, U.S. Labor Force, Manufacturing, Outsourcing, Automation, Contingent Workforce, Employment, Workforce Development, Economic Development, Business Development*

According to the White House website,<sup>1</sup> "To get the economy back on track, President Trump has outlined a bold plan to create 25 million new American jobs in the next decade and return to 4 percent annual economic growth....that starts with pro-growth tax reform to help American workers and businesses keep more of their hard-earned dollars." While the business acumen of President Trump and his Cabinet gives Jobenomics a sense of optimism, Jobenomics and the millions of followers in the Jobenomics National Grassroots Movement eagerly await evidence that the Trump team can fulfill their economic and job creation objectives.<sup>2</sup> We also pray that the American public will unite with President Trump's vision of "Bringing Back Jobs and Growth."

The Trump economic and job creation plan proposes sweeping reforms in tax, regulatory policies, trade, energy and infrastructure. Jobenomics believes that these reforms are necessary.

- President Trump's Pro-Growth Tax Plan<sup>3</sup> proposes to give every income group tax cuts. These cuts will result in a million more citizens being removed from income tax rolls and low-income Americans paying no income tax at all. More discretionary income can boost America's consumption-based economy. In addition, tax cuts will be especially valuable to small business owners that are unable to take advantage of corporate tax breaks utilized by big business.
- President Trump's moratorium on Reducing Regulation and Controlling Regulatory Costs<sup>4</sup> will reduce burdensome job-killing restrictions on businesses large and small, which will grow the economy and produce jobs.
- President Trump's America-First Trade Policy<sup>5</sup> is also a step in the right direction. Jobenomics wrote about "reciprocal trade" in its first book stating that there is nothing free about "free trade" and endorsed the notion of "reciprocal trade."

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<sup>1</sup> White House Website, <https://www.whitehouse.gov/bringing-back-jobs-and-growth>

<sup>2</sup> Trump/Pence Website, <https://www.donaldjtrump.com/policies/economy>

<sup>3</sup> Trump/Pence Website, <https://www.donaldjtrump.com/press-releases/fact-sheet-donald-j.-trumps-pro-growth-economic-policy-will-create-25-milli>

<sup>4</sup> White House website, <https://www.whitehouse.gov/the-press-office/2017/01/30/presidential-executive-order-reducing-regulation-and-controlling>

- President Trump's Unleash American Energy Plan<sup>6</sup> can make America energy independent and create millions of new jobs in an environmentally-friendly or environment-neutral way. The 160-page Jobenomics Energy Technology Revolution (ETR) Plan explores in depth the entire spectrum of energy technologies, systems and services in regard to business creation, job creation and climate change. Jobenomics asserts that over 10 million net new energy jobs will be created if America: (1) engineers a better balance between centralized grid and point-of-use power generation systems, (2) exploits the full range and capabilities of renewables from solar, wind, hydro, biomass, geothermal to waste-to-energy, (3) creates cleaner fossil fuels and exploits advances in nuclear technology, (4) pursues advanced energy services, (5) accelerates development and implementation of advanced vehicles, alternative fuels and advanced storage systems, (6) promotes net-zero buildings and communities and (7) invests in next generation, exotic and yet unknown energy technologies. These areas will be addressed in detail in a future blog ETR series.
- Jobenomics is a strong advocate of big business, the anchor tenant of the U.S. economy, and believes that a robust industrial base is paramount to American prosperity and security. Consequently, Jobenomics supports the President's Memorandum Streamlining Permitting and Reducing Regulatory Burdens for Domestic Manufacturing<sup>7</sup> to stop the capricious hemorrhaging of U.S. manufacturing to foreign countries.

The following examples are some of the perceived differences between the Administration's Plan and the Jobenomics Plan, which is based on six books worth of research and thousands of meetings with community leaders, business executives and government officials on economic, business and job creation.

- The Trump Administration's plan presents a top-down approach, whereas Jobenomics offers a bottom-up approach. The Trump Administration, replete with corporate executives and senior policy-makers, naturally will exhibit a default position oriented to big business and government solutions; whereas Jobenomics believes that the American economic engine is driven by small business owners who employ 78% of all citizens and produced 74% of all net new jobs this decade. Consequently, the Jobenomics approach emphasizes mass-production of highly-scalable small and self-employed businesses focused on demographics with the greatest potential and need at the base of America's socioeconomic pyramid with priority given to women, minorities, new workforce entrants, and the large cadre of financially distressed citizens who want to work or start a business.
- As compared to the known Trump plan, Jobenomics places a much greater emphasis on welfare to workfare incentives to mitigate voluntary labor force departures by American adults who are

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<sup>5</sup> White House website; <https://www.whitehouse.gov/trade-deals-working-all-americans>

<sup>6</sup> White House website; <https://www.whitehouse.gov/america-first-energy>

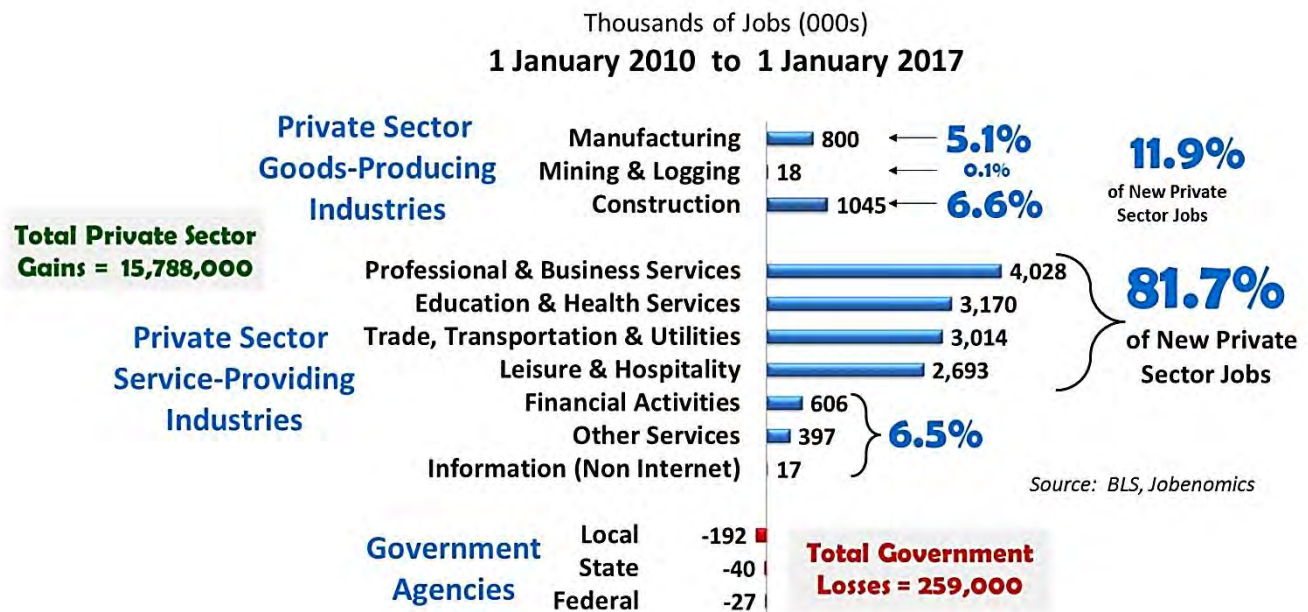
<sup>7</sup> White House website: <https://www.whitehouse.gov/the-press-office/2017/01/24/presidential-memorandum-streamlining-permitting-and-reducing-regulatory>



capable of working but chose alternative lifestyles of public/familial assistance, the underground economy or illicit behavior, and developing viable career paths for the evergrowing contingent workforce that will soon represent over 50% of the U.S. labor force.

- Jobenomics focuses on producing businesses and jobs related to the fast-growing digital economy, whereas the new Administration seems focused on the slower-growing traditional economy. Based on ongoing lackluster GDP growth, the traditional economy is advancing at a sclerotic 2% annual rate. The digital economy is accelerating at a rate between 15% and 20% annually. From a Jobenomics perspective there are at least seven unique but intertwined economic communities within the emerging digital economy: the E/M (electronic/mobile) Economy, Sharing Economy, App/Bot/AI (artificial intelligence) Economy, Platform Economy, Gig/Contingent Workforce Economy, Data-Driven Economy and Internet of Things (IoT) Economy. All of these digital communities must be integral to President Trump's vision of "Making America Great Again."

## Industry Employment Growth This Decade (2010s)



- Jobenomics emphasizes creating businesses and jobs in the fastest growing industries in the service-providing sector, whereas the new Administration emphasis has been on slower growth goods-producing industries, namely manufacturing and construction. Seven U.S. private sector service-providing industries now employ 103 million Americans as opposed to only 20 million in three private sector goods-producing industries (Manufacturing, Construction and Mining/Logging). 88.2% of all new jobs this decade were created by service-providing industries and only 11.8% by goods-producing industries. 81.5% of all new jobs were produced by the four leading service-providing industries: Professional & Business Services; Education & Health Services; Trade, Transportation & Utilities; and Leisure & Hospitality. Manufacturing and Construction contributed only 5.1% and 6.6%, respectively.

- The American public should not be encouraged to expect a significant number of net new jobs from manufacturing in the next decade due to automation of routine manual and cognitive tasks, outsourcing and increased usage of contingent (part-time and independent) workers. The industrial age is following the same path as the agricultural age. Less than a century ago, the vast majority of Americans worked on a farm or ranch. Today, it is about 2%. In 1960, U.S. manufacturing employed 28% of U.S. nonfarm workers. Today, manufacturing employs only 8% of U.S. nonfarm workers. The U.S. Bureau of Labor Statistics Employment Projections 2014-2024 Report<sup>8</sup>, projects manufacturing losses of 814,000 jobs over the next decade. Manufacturing currently employs 12,275,000 people. If the BLS projection is accurate, manufacturing employment will decline to 11,461,000, which is below the historical post-WWII manufacturing low of 11,992,000 jobs in February 1946. If President Trump is successful in convincing 100 major companies to maintain or reshore 5,000 jobs each (as he did with Carrier), that would only equate to 500,000 jobs, an essential endeavor but insufficient in terms of employment growth.

From a wage perspective, manufacturing is no longer the high paying industry sector that it used to be, nor will it be in the future. According to the U.S. Berkeley Labor Center<sup>9</sup>, contrary to public perception that manufacturing jobs are “good jobs”, manufacturing wages now rank in the bottom half of all jobs in the United States and are not even keeping up with inflation. In the largest segment of the American manufacturing base, automotive manufacturing, wages have declined further, falling three times faster than manufacturing as a whole and nine times faster than all occupations.

The reason for the decline in manufacturing jobs and wage is not only due to overseas outsourcing but rather to technology. Automation of routine manual factory floor skills has been underway for several decades. Over the next decade, automation of routine cognitive skills will be next via smart systems, sophisticated algorithms and artificial intelligence agents. Technology will not only enable machines to replace humans, but dissect full-time jobs into multiple part-time jobs and then further segment work into disparate tasks for contingent workers, who will increasingly displace traditional full-time workers.

- President Trump’s Infrastructure Plan<sup>10</sup> states that it will create a million new jobs when enacted by Congress. The U.S. transportation infrastructure certainly needs an upgrade. However, with the exception of cyber security, little has been said or published regarding President Trump’s position on digital infrastructure, the emerging digital economy or implementing a National Broadband Plan. High-speed broadband connections to 100% of America’s homes and businesses could create at least ten million U.S. jobs according to the 200-page Jobenomics Network Technology Revolution (NTR) Plan. The Jobenomics NTR plan evaluates a “perfect storm” of over three dozen brilliantly creative and creatively destructive NTR technologies that will transform societies, nations, businesses and labor forces. Globally, the NTR has the ability to simultaneously

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<sup>8</sup> BLS Employment Projections 2014-2024 Report, <https://www.bls.gov/news.release/ecopro.toc.htm>

<sup>9</sup> UC Berkeley Labor Center, Producing Poverty: The Public Cost of Low-Wage Production Jobs in Manufacturing, May 2016, <http://laborcenter.berkeley.edu/pdf/2016/Producing-Poverty.pdf>

<sup>10</sup> White House Website: <https://www.whitehouse.gov/the-press-office/2017/01/24/president-trump-takes-action-expedite-priority-energy-and-infrastructure>



create or replace hundreds of millions jobs in the next decade. A robust digital infrastructure will put America on a firm footing to compete for our fair share of new jobs and mitigate loss of traditional jobs.

- While recent labor force gains have been positive, negative employment trends threaten to upend the Trump Administration's economic and job creation plan. Six negative trends threaten economic growth and stability. These trends include voluntary workforce departures, contingent workforce expansion, sclerotic GDP growth, population/workforce imbalance, low wages/income and declining business startups. Each of these negatives will be addressed in detail in later postings in this blog series. All need to be addressed by the incoming Administration.

In conclusion, small business and job creation is the number one issue facing the U.S. in regard to economic growth, sustainment and prosperity. Jobs do not create jobs, businesses do. The vast majority of jobs are produced by small and micro businesses. Having a businessman President and Cabinet full of business professionals gives Jobenomics a sense of assurance that the Trump Administration will be amenable to new business and job creation strategies, especially those with an emphasis on demographics with highest potential and need at the base of the American socioeconomic pyramid.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"The Nexus between Jobs and GDP"** scheduled for release on 15 February 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*



## The Nexus between Jobs and GDP

President Trump's New Economy Challenge: Part 3 of 20



**Keywords:** *Presidential Transition, Cabinet Picks, Donald Trump, Trump Administration, 25 Million New Jobs, Mike Pence, President Trump's Pro-Growth Tax Plan, Jobenomics National Grassroots Movement, President Trump's America-First Trade Policy, Free Trade, President Trump's Unleash American Energy Policy, President Trump's Infrastructure Plan, National Broadband Plan, Bureau of Labor Statistics, U.S. Labor Force, Manufacturing, Outsourcing, Automation, Contingent Workforce*

President Trump's vision of a "dynamic and booming economy" is one that can produce a GDP growth rate of "4% over the next decade". President Trump's Cabinet has many capable business and financial executives who can make his vision a potential reality. This reality ultimately depends on mass-producing business, especially small business, creation in order to generate 25 million net new jobs. Sclerotic (0% to 2%) or recessive (negative) GDP rates depreciate a government's legitimacy as it did to the previous Administration that averaged only 1.5% over President Obama's 8-year term in office according to the U.S. Bureau of Economic Analysis<sup>11</sup>. Burgeoning GDP rates (2%+) have the opposite effect. If the Trump Administration can achieve 4% in a stable global economy, Americans and the world will be euphoric. This feat will not be easy. The last year the United States breached 4% in a single year was 2001. The last time that the United State reached 4% in ten consecutive years over the last 50-years was never (3.5% was the highest from 1976 to 1985). Notwithstanding, if the Trump Administration can tie the 3.5% record over the next decade, they will be vindicated and worthy of much praise.

Over the last half century, U.S. debt has grown at a rate 18-times faster than GDP and shows no signs of slowing if Americans continue on their current path of over-spending and under-producing. Since spending cuts do not seem to be possible due to America's deeply divided electorate, the solution to growing GDP rests in increased production, which depends on greater business and job creation.

Over the last five decades, total U.S. debt (government, business, financial and individual) has grown from a luxury for a few to an addiction to all. Compared to the current U.S. GDP of almost \$17 trillion, U.S. debt has now reached an all-time high of \$63 trillion, up from \$27 trillion in 2000 and \$5 trillion in 1980, as reported by the U.S. Federal Reserve system (Central Bank, commonly called the Federal Reserve or simply the "Fed", a quasi-government institution responsible for the U.S. monetary policy, money supply and interest rates).<sup>12</sup> U.S. federal government debt equals about one-third of total American debt whereas private debt is responsible for the remaining two-thirds.<sup>13</sup>

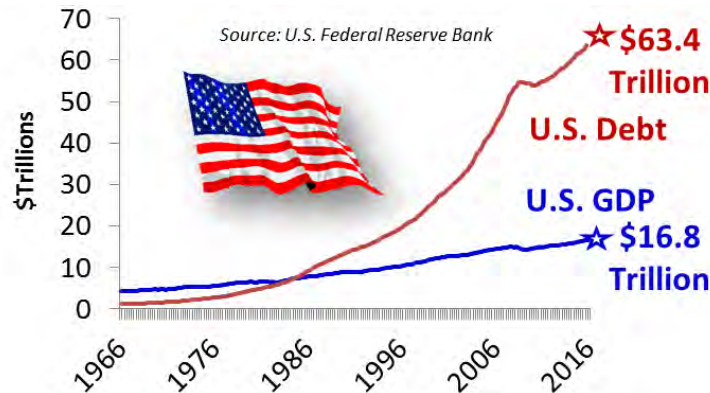
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<sup>11</sup> BEA, <https://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1#reqid=9&step=3&isuri=1&903=1>

<sup>12</sup> Board of Governors of the Federal Reserve System (US), All Sectors; Debt Securities and Loans; Liability, Level [TCMDO], retrieved from FRED, Federal Reserve Bank of St. Louis, 9 October 2016, <https://fred.stlouisfed.org/series/TCMDO>

<sup>13</sup> U.S. Bureau of Economic Analysis, Real Gross Domestic Product [GDPC1], retrieved from FRED, Federal Reserve Bank of St. Louis, 9 October 2016, <https://fred.stlouisfed.org/series/GDPC1>, July 9, 2016

## U.S. Total Debt versus GDP



Excessive debt is not only an American challenge. According to the International Monetary Fund (IMF), global combined debt (government, household, and nonfinancial firms—not including the financial sector) is at an all-time at 225% of world GDP, or \$152 trillion. Two-thirds, amounting to about \$100 trillion, consists of liabilities in the private sector. “The sheer size of (private sector) debt could set the stage for an unprecedented private deleveraging process that could thwart the fragile (global) economic recovery....Financial crises tend to be associated with excessive private debt....It is clear that meaningful deleveraging will be very difficult without robust (GDP) growth.”<sup>14</sup>

As scary as this IMF prediction is, it does not include the unimaginable debt associated with the too-big-to-fail financial sector. The financial sector not only includes commercial banks, shadow banks (hedge funds, money-market mutual funds, etc.) and financial intermediaries (insurance companies, pension funds, etc.)—all of which pose a near-term global financial risk in excess of \$50 trillion.

And then there is the invisible financial behemoth called derivatives. Derivatives are largely unregulated financial instruments based on the perceived future value (bets) of an underlying asset like stock, bonds, mortgages, currencies, interest rates, as well as variety of other exotic bets such as the weather’s effect on crops. Estimated at \$1 quadrillion (\$1,000 trillion), the derivatives market equates to over 10-times world GDP. Derivatives caused the sub-prime mortgage crisis that led to the 2007 Great Recession and global financial crisis and are likely to be a major contributor to the next global financial reset. Little has been done since the Great Recession to mitigate this threat.<sup>15</sup>

Since the Great Recession, government debt increased by 50% in advanced economies that are busy printing money, lowering interest rates, buying up weak financial assets (like mortgages), spending on overpriced infrastructure projects (especially in China) and a host of other programs to stimulate GDP growth. In the short-term, these efforts have been successful elevating consumption and elevating stock and real estate markets. However, risks continue to compound. Banks are more fragile (e.g., Germany’s largest bank’s stock value has dropped by 60% in the last year alone). Insurance companies are scrambling (e.g., U.S. insurance companies are exiting Obamacare in droves). Pension funds are underfunded (e.g., U.S. state and local pension funds have up to \$3 trillion of unfunded

<sup>14</sup> International Monetary Fund (IMF), Fiscal Monitor October 2016, <https://www.imf.org/external/pubs/ft/fm/2016/02/pdf/fm1602.pdf>

<sup>15</sup> For a detailed discussion on derivatives and their role in starting the Great Recession read Jobenomics, the book.



commitments). Welfare programs are on the road to insolvency (e.g., Medicare is projected to be insolvent within 10-years). In other words, there are very dark storm clouds on the horizon.

## U.S. Government Financial Bailouts, Buyouts and Stimuli Since 2008

| <b>Total \$16.9 Trillion</b>    |                  |   |                |
|---------------------------------|------------------|---|----------------|
| <b>Federal Reserve</b>          | <b>\$ 11,213</b> | <b>Treasury</b>                             | <b>\$2,910</b> |
| Primary Credit Discount         | \$ 111           | Troubled Asset Relief Program (TARP)        | \$700          |
| Secondary Credit                | 1.00             | Tax Break for Banks                         | \$29           |
| Primary dealer and others       | \$ 147           | Stimulus Package (Bush)                     | \$168          |
| ABCP Liquidity                  | \$ 146           | Stimulus II (Obama)                         | \$787          |
| AIG Credit                      | \$ 60            | Treasury Exchange Stabilization             | \$50           |
| Commercial Paper Funding        | \$ 1,200         | Student Loan Purchases                      | \$60           |
| Maiden Lane (Bear Stearns)      | \$ 30            | Citigroup Bailout Treasury                  | \$5            |
| Maiden Lane II (AIG)            | \$ 23            | Bank of America Bailout Treasury            | \$8            |
| Maiden Lane III (AIG)           | \$ 30            | Support for Fannie/Freddie                  | \$400          |
| Term Securities Lending         | \$ 75            | Line of Credit for FDIC                     | \$500          |
| Term Auction Facility           | \$ 375           | Treasury Commitment to TALF                 | \$100          |
| Securities lending overnight    | \$ 10            | Treasury Commitment to PPIP                 | \$100          |
| Term Asset-Backed Loan Facility | \$ 1,000         | Cash for Clunkers                           | \$3            |
| Currency Swaps/Other Assets     | \$ 606           | <b>FDIC</b>                                 | <b>\$2,478</b> |
| GSE Debt Purchases              | \$ 200           | Public-Private Investment (PPIP)            | \$1,000        |
| GSE Mortgage-Backed Securities  | \$ 1,250         | FDIC Liquidity Guarantees                   | \$1,400        |
| Citigroup Bailout Fed Portion   | \$ 220           | Guaranteeing GE Debt                        | \$65           |
| Bank of America Bailout         | \$ 87            | Citigroup Bailout FDIC Share                | \$10           |
| Commitment to Buy Treasuries    | \$ 300           | Bank of America Bailout                     | \$3            |
| Quantitative Easing (QE1)       | \$ 1,750         | <b>HUD</b>                                  | <b>\$306</b>   |
| Quantitative Easing (QE2)       | \$ 600           | Hope for Homeowners (FHA)                   | \$300          |
| Operation Twist                 | \$ 667           | Neighborhood Stabilization (FHA)            | \$6            |
| Quantitative Easing (QE3)*      | \$ 1,440         | * \$40B/month thru 2015 (36 months)         |                |
| Tresury Buying Program (QE4)**  | \$ 885           | ** \$45B/mon for 18 months & \$75B for 2014 |                |

Source: Bloomberg, Jobenomics

Since the onset of the Great Recession, the U.S. federal government and the Fed spent almost \$17 trillion dollars' worth of stimuli and incentive programs. The Fed is responsible for two-thirds (\$11 trillion) of the total. In addition to spending, the Fed has held interest rates to near-zero in hopes of invigorating the economy. The net result of government spending and a near-zero interest rate policy has not achieved robust GDP or labor force growth as anticipated. However, it did keep the economy from sliding into a depression and caused the U.S. stock markets to soar, greatly benefiting the top 1% while simultaneously eroding the American middle-class and labor force.

The infusion of \$17 trillion into the economy, foreign investment has helped keep the U.S. economy recession-free since the Great Recession. The reason for foreign investment is that the U.S. economy has been the "least ugly" economy in the world. The European Union is in crisis with its southern member nations in recession. China has experienced a major slowdown and a large part of the remaining developing world countries are struggling. Even the oil-rich Middle East is reeling from low oil prices, insurgencies and terrorism. So until things change, America should continue to be a safe haven for foreign investment. Unfortunately, the international landscape is rapidly evolving with

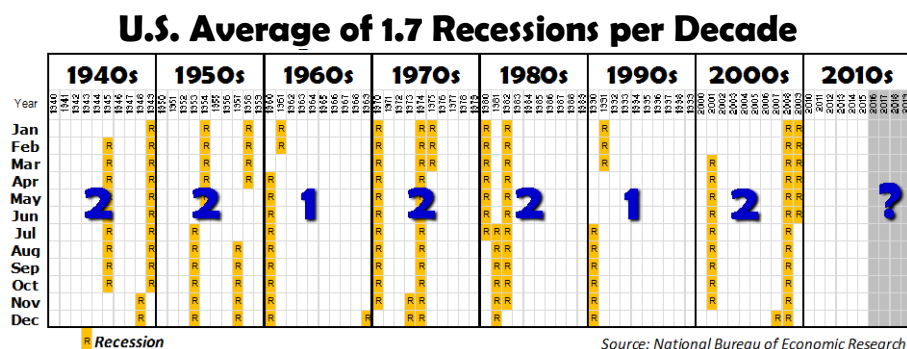
potentially negative political, economic and military consequences. Fortunately, having a businessman President with larger-than-life bravado and a penchant for making deals should help to keep the U.S. as the least ugly economy in the world for foreign investment.

By being the least ugly global economy, U.S. stock, bond and real estate markets have been able to attract foreign and domestic investment, which has managed to keep GDP growing, albeit much too slowly. President Trump's economic and job creation vision<sup>16</sup> (doubling GDP and employment growth) is vital to staving off a near-term recession and maintaining the flow of foreign investment into the United States.

The Trump Administration faces a Catch-22 (a dilemma where there is no easy solution due to conflicting positions) in regard to foreign investment. If the U.S. economy grows too quickly, the \$10 trillion dollars in dollar-denominated foreign debt could trigger a foreign financial crisis that would not only restrict capital inflows to the United States, but would threaten foreign government investment in their own domestic programs.

A "strong dollar" benefits U.S. citizens by managing inflation, controlling rates and enhancing American buying power. On the other hand, a strong dollar makes U.S. exports more expensive to buy. Normally, a strong dollar is preferable to a weak dollar. However, if the dollar becomes too strong to rapidly (it jumped a whopping 3% versus a basket of global currencies since Trump won the election) foreign governments could interpret rapid dollar growth as a sign of American protectionism or hegemony. Implementation of tariffs, import taxes and other trade-limiting policies could precipitate reciprocal foreign protectionist policies and exacerbate the potential for a financial crisis and/or conflict. President Trump's Catch-22 ultimately lies in resolving the dispute between supporters of nationalistic policies and those that promote globalism.

Unfortunately, profligate government spending has reached its zenith and the relative attractiveness of U.S. markets may be approaching an apex, making the likelihood of a U.S. recession relatively high. A recession would not only impact the U.S. economy, but would cause a U-turn in recent incremental U.S. employment gains.



Since the 1940s, the U.S. economy averaged 3 financial crises and 1.7 recessions per decade. Unlike many parts of the world, the United States has been recession free this decade largely due to

<sup>16</sup> Trump/Pence Website, <https://www.donaldjtrump.com/policies/economy>



government spending and the relative attractiveness of U.S. investment opportunities compared to the rest of the world. The question is how long can the U.S. remain crisis and recession free?

Many economists feel that a recession (two quarters of negative GDP growth) is likely. In January 2016, a Financial Times survey of 51 economists predicted a one-in-five chance of a U.S. recession in the next 12 months.<sup>17</sup> In June 2016, J.P. Morgan Chase economists projected a 36% chance of a U.S. recession in 12 months.<sup>18</sup> In July 2016, Deutsche bank estimated a 60% chance of the U.S. entering a recession in the next 12 months.<sup>19</sup> In October 2016, Wall Street Journal's survey of economists placed a 60% likelihood of a U.S. recession within four years.<sup>20</sup> While these projections are only guesstimates, the theme is relatively consistent that sclerotic GDP growth begets recessions.

Most economists believe that economic growth depends on job and GDP growth. The ideal rate for U.S. GDP growth is 2% to 3%. For the United States, a mature economy, sustained GDP growth significantly over 3% tends to led to overheating and bubbles. Anything below 2% is considered sclerotic growth and makes the economy vulnerable to financial downturns. During the post-WWII recovery, U.S. GDP grew at an average rate of 3.5% which created tens of millions of new jobs each decade. Since 2000, U.S. GDP averaged 1.87%.

## Real GDP Quarterly Percent Change This Decade



According to the Bureau of Economic Analysis (BEA)<sup>21</sup>, during the post-recession recovery period from Q1 2010 through Q4 2016, U.S. GDP averaged 2.2%. In Q1 and Q2 2016, U.S. GDP grew by an abysmal 0.8% and 1.4%. In Q3 2016, GDP increased significantly to 3.5%. BEA “advanced” estimates for Q4 2016 and for the entire 2016 calendar year are 1.9% and 1.6% respectively. Notwithstanding any future upward revisions, 2016’s moribund 1.6% growth rate indicates another year of sclerotic growth and peril for the U.S. economy.

<sup>17</sup> Financial Times, Economists see 20% chance of US recession, 31 January 2016, <https://www.ft.com/content/da2ed38a-c6bd-11e5-b3b1-7b2481276e45>

<sup>18</sup> MarketWatch, More than one-in-three chance of a recession, J.P. Morgan says, 3 June 2016, <http://www.marketwatch.com/story/more-than-one-in-three-chance-of-a-recession-jp-morgan-says-2016-06-03>

<sup>19</sup> Fortune, Deutsche Bank Says the U.S. Is Likely Headed for a Recession, 6 July 2016, <http://fortune.com/2016/07/06/deutsche-bank-recession/>

<sup>20</sup> Forbes, Recession Likely In The Next Four Years, 18 October 2016, <http://www.forbes.com/sites/billconerly/2016/10/18/recession-likely-in-the-next-four-years/#d0de627536a2>

<sup>21</sup> Bureau of Economic Analysis, Gross Domestic Product: Fourth Quarter and Annual 2016 (Advance Estimate), 27 January 2017, <http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

President Trump's economic vision includes doubling U.S. GDP growth to the 3.5% to 4.0% range according to his economic plan.<sup>22</sup> He has also selected capable business and financial executives for his cabinet to make his vision a reality—this reality ultimately depends on business, especially small business—growth in order to generate goods and services necessary to grow GDP. Federal Reserve economists forecast Q1 2017 growth of 2.3%.<sup>23</sup> This is a positive forecast but only a single data point in what portends to be a turbulent era as the world tries to rationalize growing nationalism with declining globalism.

While GDP growth does not insure employment growth, sclerotic GDP growth discourages business hiring, consumer spending and labor force expansion. Sclerotic GDP growth also discourages lower rates of unemployment and voluntary workforce departures. Negative GDP growth creates recessions and depressions depending on the severity and longevity of the contracting economy.

The period of sclerotic GDP growth from 2000, has dramatically impacted the American middle-class and the U.S. labor force that gained only 14.5 million workers compared to the loss of 28.3 million that are officially unemployed and voluntarily departed the labor force. For most American workers, real wages (purchasing power) have not increased for decades and are not projected to improve anytime soon. America's aggregate household income has shifted from middle-income to upper-income households, causing many middle-class workers to leave the workforce altogether.

The solution to avoid a financial crisis is to accelerate GDP growth, which requires the creation of more productive private sector jobs, which, in turn, can only be generated by a massive expansion of the small business sector. While this may seem simplistic, 20 million Jobenomics followers think this methodology has merit. The Jobenomics website, which averages 500,000 hits every month, indicates the high level of interest and concern around the world on the current global economic, business and workforce development solutions.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"President Trump's Small Business Plan?"** scheduled for release on 18 February 2017.

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<sup>22</sup> White House Website, <https://www.whitehouse.gov/bringing-back-jobs-and-growth>

<sup>23</sup> Federal Reserve Bank of Atlanta, GDP Now, 30 January 2017, <https://frbatlanta.org/cqer/research/gdpnow/?panel=1>

## President Trump's Small Business Plan?

President Trump's New Economy Challenge: Part 4 of 20

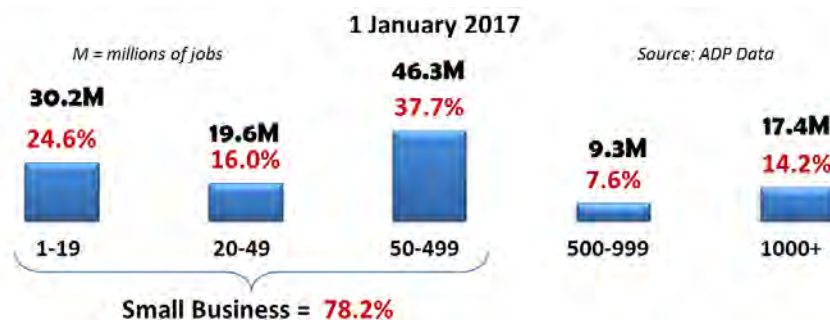


**Keywords:** Presidential Transition, President Trump, Donald Trump, Trump Administration, Cabinet, President Eisenhower, President Clinton, President Obama, 25 Million New Jobs, Linda McMahon, Administrator of the Small Business Administration, Bureau of Labor Statistics, Department of Labor, ADP Research Institute, Wall Street Journal, Kauffman Foundation, U.S. Labor Force, Community-Based Business Generators, Business Incubators, Business Accelerators, Small Business Owner, ADP Research Institute.

The only way that President Trump will be able to create 25 million new jobs over the next decade is to mass-produce startup (aka small) businesses. President Trump's proposed tax and regulatory reductions will provide a welcome relief to small business owners who employ 78% of all Americans and created 74% of all net new jobs this decade. However, much more should be done to mass-produce, highly-scalable small businesses, promote small business expansion and mitigate small business deaths. Hopefully, Linda McMahon, President Trump's pick as Administrator of the Small Business Administration, will be amenable to mass-producing highly-scalable small business for the demographics that need it the most, namely women, minorities, next generation workers, veterans and other hopefuls at the bottom of America's socioeconomic pyramid.

President Eisenhower created the Small Business Administration (SBA) in 1953 to elevate the status of small businesses in the wake of WWII and the ascent of big business. During the Clinton and Obama Administrations, the SBA Administrator had Cabinet-rank status. During Republican Administrations, they were less regarded and survived a number of attempts at elimination. It will be interesting to see what the SBA's status will be in the Trump Administration.

### U.S. Private Sector Employment by Company Size



From a Jobenomics perspective, small business deserves far more attention and support from policy-makers than it currently does. Small business is the engine of the U.S. economy. According to ADP Research Institute data<sup>24</sup>, today small businesses with less than 500 workers **employ 78.2%** of all

<sup>24</sup> ADP National Employment Report, December 2016, Historical Data, <http://www.adpemploymentreport.com/2016/December/NER/NER-December-2016.aspx>

Americans and micro-businesses with less than 20 workers employ **1.7-times** more people than very large corporations with over 1,000 employees, 30,224,000 versus 17,448,000 respectively.

It is a common misconception that small businesses, especially micro and self-employed businesses, are the most fragile. As shown above, big businesses (500 to 999 employees) and large corporations (1000+ employees) suffered greater downturns and slower recoveries than their small business counterparts.

U.S. small businesses are more resilient to financial downturns and enduring over time than most people think. 80% of small business establishments started in 2014 survived until 2015, the highest share since 2005. About half of all establishments survive five years or longer. About one-third of establishments survive 10 years or longer.

It is also a common misconception that small businesses are only involved in service-providing industries whereas large major corporations dominate goods-producing industries. Data indicates that small business has a major role in goods-producing and service-providing industries. As the former head honcho of a major construction firm (a goods-producing industry), President Trump understands that the majority of workers on a construction site are employed by small business specialty subcontractors.

American policy-makers and decision-leaders do little to energize small business creation and promote American entrepreneurship that is at the heart of small business ownership. Instead, government policies rely on big business for small business sustainment. These policies are bearing less and less fruit. Without a viable small business creation and sustainment strategy, the U.S. economy is unlikely to prosper as it did in the 20<sup>th</sup> Century. Small business creation is unquestionably the best way to create tens of millions of new jobs.

### U.S. Private Sector Job Creation by Company Size

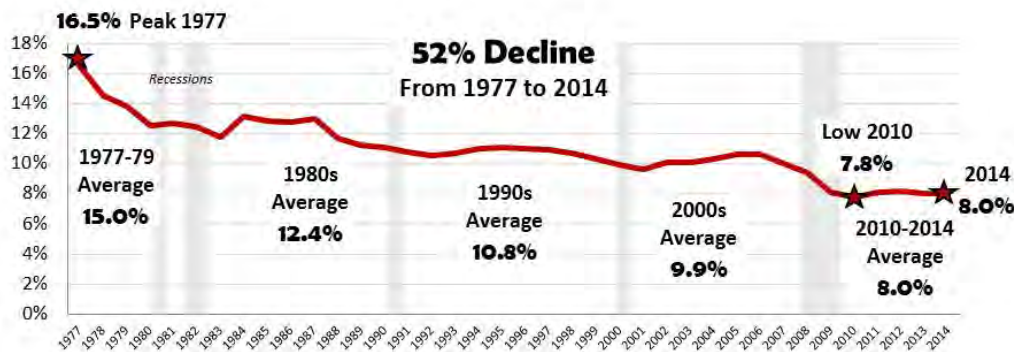
Source: ADP Historical Data

|                             | Including Recession      | Post-Recession           | Post-Recession           |
|-----------------------------|--------------------------|--------------------------|--------------------------|
|                             | 10-Years                 | 7-years                  | 1-year                   |
|                             | 1 Jan 2007 to 1 Jan 2017 | 1 Jan 2010 to 1 Jan 2017 | 1 Jan 2016 to 1 Jan 2017 |
| Large Business (500+)       | 999,564                  | 4,020,838                | 609,573                  |
| Small Business (<499)       | 6,721,999                | 11,483,950               | 1,309,624                |
| <b>Ratio</b>                | <b>1 to 6.7</b>          | <b>1 to 2.9</b>          | <b>1 to 2.1</b>          |
| Very Large Business (1000+) | 794,861                  | 3,008,256                | 487,454                  |
| Micro Business (1-19)       | 2,355,342                | 2,586,731                | 327,366                  |
| <b>Ratio</b>                | <b>1 to 3.0</b>          | <b>1 to 0.9</b>          | <b>1 to 0.7</b>          |

Small business **created** significantly more jobs than big business during the Great Recession, during the post-Great Recession recovery as well as last year. Unfortunately, the engine power of small business has downshifted from 6.7-times big business to 2.1-times over the last ten years. The same is true for micro-businesses that have dropped from 3.0-times very large corporations to 0.7-times today. Without significant attention and meaningful action from the incoming Administration, this trend is likely to continue as the rate of startup activity continues its downward slide.

## Startups (Less than 1-Year Old) As a Percentage of All U.S. Firms

Source: U.S. Census Bureau, Business Dynamics Statistics



In terms of new starts (firms less than 1-year old), BLS/Census Bureau Business Dynamic Statistics data<sup>25</sup> indicates that the United States is now creating startup businesses at historically low rates, down from 16.5% of all firms to 8% in 2014. Based on a Wall Street Journal (WSJ) analysis<sup>26</sup> of recently released BLS data, “If the U.S. were creating new firms at the same rate as in the 1980s that would be the equivalent of more than **200,000 companies and 1.8 million jobs a year.**” The WSJ also reports the share of employment at firms less than 1-year old has slipped from nearly 4% to about 2% of private-sector jobs from the 1980s to today.

According to a Kauffman Foundation analysis<sup>27</sup> of the same Business Dynamic Statistics data, net job growth occurs in the U.S. economy only through startup firms, and, counter to conventional wisdom, **existing firms are net job destroyers.** Furthermore, during recessionary years, job creation at startups remains stable, while net job losses at existing firms are highly sensitive to recessionary business cycles. The Kauffman study also stated that most city and state government policies that look to big business for job creation are doomed to failure because they are based on unrealistic employment growth models. “It’s not just net job creation that startups dominate. While older firms lose more jobs than they create, those gross flows decline as firm’s age. On average, **one-year-old firms create nearly 1,000,000 jobs, while ten-year-old firms generate 300,000.** The notion that firms bulk up as they age is, in the aggregate, not supported by data.”

The way that government and big business can incubate, accelerate and mass-produce startups is via community-based business incubators, business accelerators and business generators.

Business incubators tend to focus on high-tech, silver bullet innovations that have extraordinary growth and employment potential. Business accelerators focus on expanding existing businesses in order to make them larger and more profitable. Many cities have business incubators, usually

<sup>25</sup> U.S. Census Bureau, Business Dynamics Statistics, Firm Characteristics Data Tables, Firm Age, , [https://www.census.gov/ces/dataproducts/bds/data\\_firm.html](https://www.census.gov/ces/dataproducts/bds/data_firm.html)

<sup>26</sup> Wall Street Journal, Sputtering Startups Weigh on U.S. Economic Growth, 23 October 2016, <http://www.wsj.com/articles/sputtering-startups-weigh-on-u-s-economic-growth-1477235874?mod=djem10point>

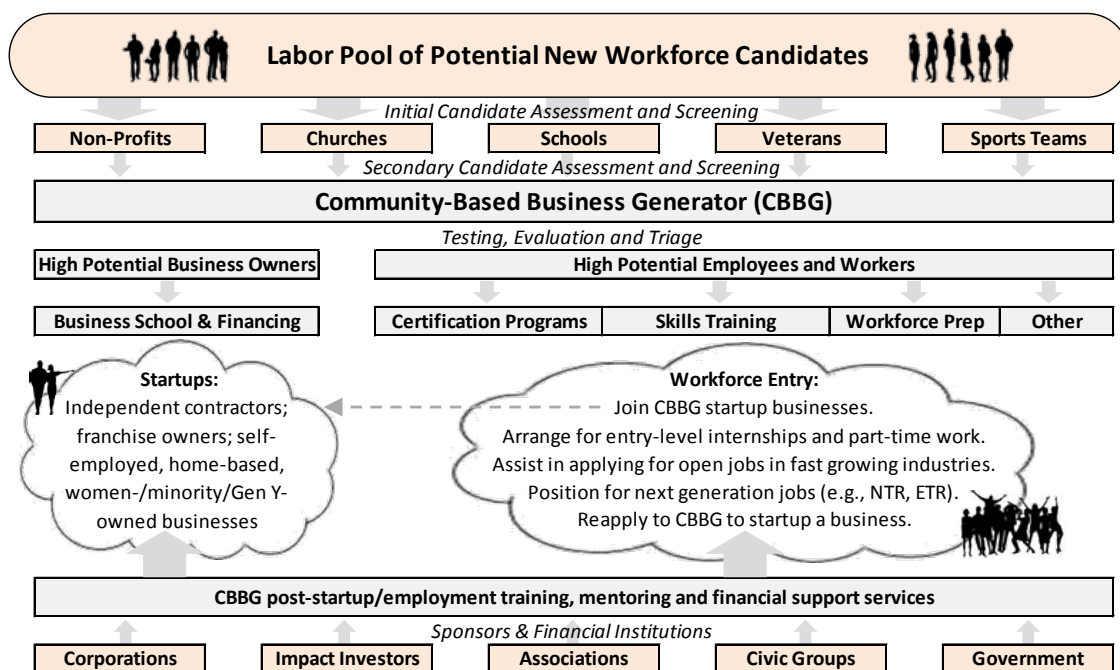
<sup>27</sup> Kauffman Foundation, The Importance of Startups in Job Creation and Job Destruction, Last Paragraph, 9 Sep 2010, <http://www.kauffman.org/what-we-do/research/firm-formation-and-growth-series/the-importance-of-startups-in-job-creation-and-job-destruction>



located at or around universities or technology parks, and business accelerators that are associated with mezzanine financing institutions. The Jobenomics business generator concept involves mass-producing small and self-employed business with emphasis on minority-owned, women-owned, veteran-owned and new workforce entrant-owned startup businesses.

Jobenomics Community-Based Business Generators mass-produce startup businesses by: working with community leaders to identify high-potential business owners and employees; executing a due diligence process to identify potential high-quality business leaders and employees; training and certifying these leaders and employees in targeted occupations; creating highly-repeatable and highly-scalable “turn-key” small and self-employed businesses;; establishing sources of startup funding, recurring funding and contracts to provide a consistent source of revenue for new businesses after incorporation; and providing mentoring and back-office support services to extend the life span and profitability of businesses created by the Business Generator. Jobenomics contends that Community-Based Business Generators could vastly improve the rate of startups and expanding businesses, and reduce the rate of contracting and closing businesses.

## Jobenomics Community-Based Business Generator Concept



The process starts by using community leaders to identify high-potential job seekers. Churches, non-profits, schools, sports teams and veterans groups are a great source for identifying talent, desire and fortitude. These organizations provide the first phase of the triage process by screening and assessing high performance people who are known to them. The second stage is accomplished during onboarding that involves Jobenomics screening and assessing. The third stage uses aptitude and personality tests to determine potential career paths.

Once completed, candidates will be separated into a business leadership group or a high potential employee group for training. The leadership group will undergo management and startup business training. The employee group will undergo skills training based on the role that they will assume in

the startup business (operational, technical, mechanical, financial, marketing, administrative, etc.). After the training is completed and certifications awarded, the team will commence startup operations under the guidance and assistance of the Business Generator team.

## Jobenomics Community-Based Business Generator Process



### A Unique Community-Based Business And Workforce Development Process

Starting with a notional labor pool of thousands of potential candidates, Jobenomics will work with local civic organizations identify, nominate and endorse in writing the highest qualified candidates for entry into the Jobenomics Community-Based Business Generator program. This is the first stage of the due diligence and selection process.

These nominees will then be subjected to standard aptitude and attitude tests in order to identify and assist (1) those that should be sent to other educational (GED and postsecondary) or training (vocational) centers for career development, (2) those that are qualified and suitable for immediate employment with existing companies, and (3) those that have an aptitude for starting a small or self-employed business. Jobenomics Community-Based Business Generator will help all people who enter the program to find meaningful employment.

Jobenomics envisions that 25% of the nominees would seek a traditional education and training path, 25% would be hired directly by existing business who are looking for quality workers, and 50% would seek a more independent and self-sufficient route offered by a small business startup or self-employment. Of the 50% that choose the Jobenomics Community-Based Business Generator training and certification process, Jobenomics anticipates that only one-quarter of these individuals will eventually execute a small business startup or incorporate as a self-employed business.

The three-quarters that undergo but do complete the Jobenomics Community-Based Business Generator process will be certified (with empirical data by professional testing and evaluation) as high-quality candidates for immediate employment or traditional education/vocational training. Anticipating this eventuality, Jobenomics has “pipeline” to connect individuals who have undergone some level of due diligence to companies that are hiring or anticipate future employment vacancies.



The Jobenomics pipeline system has been operational for years with the Department of Defense and facilitated the hiring of 250,000 veterans.

The Jobenomics process focuses on preparing workers for starting a business, whether they actually start a business or use the experience to be more competitive to get a job. In today's world, gainful employment is difficult and oriented to those that are currently employed, credentialed or highly-skilled. Conversely, a common complaint that Jobenomics often hears from companies is that they have a very hard time (1) finding good people who want to work, (2) who have the right attitudes and aptitude for work, and (3) who have workforce credentials, experience or related skills.

Every nominee that enters the Jobenomics process will start a self-employed business, which can be incorporated in a matter of weeks, and undergo elementary business training. The reason for setting up a small business is to make them more competitive in today's job market. Many employers prefer to "try before they buy." An incorporated self-employed individual can position themselves for subcontract or contingent work (1099) as a prelude to standard full-time work (W2). Even if a self-employed individual never receives an income as a self-employed business, that individual can present themselves with credentials (Employer ID Number, website, business card and skills resume) that better prepares and aligns them with the business community. In addition, Jobenomics will provide additional credentials regarding the individual's workforce aptitude, skills and suitability tailored to the specific hiring opportunity. Jobenomics credentialing, along with letters of recommendation from the nominees' sponsoring organization, will greatly distinguish the individual from the masses of unemployed, new or returning workforce entrants.

Today, the United States does not have standardized national, state or local processes to create or mass-produce startup businesses. The U.S. startup process is largely ad hoc. By instituting a community-based (all jobs are local) standardized, repeatable and scalable process to mass-produce startup businesses, millions of new establishments could be created across America. By being part of a small business team, team members will be motivated to grow the business in order to make it more profitable, which facilitates upward mobility, higher wages, better benefits, potential equity positions, and, perhaps most importantly, a sense of camaraderie and purpose.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"Why Work Anymore?"** scheduled for release on 21 February 2017.

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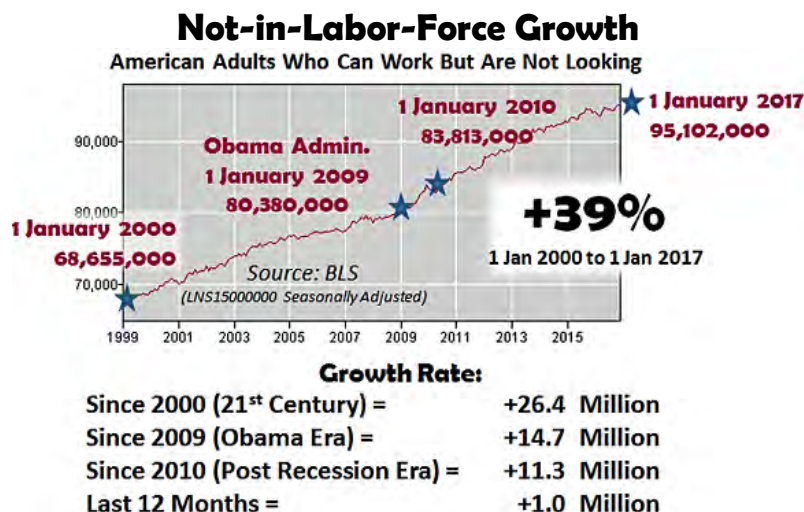
## Why Work Anymore?

President Trump's New Economy Challenge: Part 5 of 20



**Keywords:** Presidential Transition, Cabinet Picks, President Trump, President Obama, Obama Administration, Trump Administration, Job Creation Plan, Andrew Puzder, Secretary of Labor, Bureau of Labor Statistics, Department of Labor, Census Bureau, U.S. Labor Force, Not-in-Labor-Force, Unemployment, U3 Unemployment Rate, Employment, Working Population, Non-Working Population, Shrinking Middle Class, Employment Situation, Economic Plan, Washington Post

Capable adults who are neither employed nor unemployed are not in the labor force. Those who **have no job** and are **no longer looking** for a job are counted by the Department of Labor in the Not-in-Labor-Force category. From January 2000 to January 2017, the Not-in-Labor-Force cadre grew from 68,655,000 to 95,102,000, an increase of 26.4 million citizens who more often than not become dependent on public/familial assistance. Today, the number of citizens in the Not-in-Labor-Force is **12-times** the number in the “Officially” Unemployed U3 category. This great disparity is rarely addressed by policy-makers, analyzed by decision-makers or mentioned by the media’s talking-heads, all of whom focus almost entirely on the U3 Unemployment Rate that is now at a near post-recession low of 4.7%. From a Jobenomics perspective, stemming the workforce exodus should be as high a priority for the incoming Secretary of Labor, Andrew Puzder, as achieving President Trump’s vision to create 25 million new jobs in the next decade. This vision is unlikely to be realized if 14,722,000 American adults voluntarily drop out of the U.S. labor force as they did during the 8-years of the Obama Administration.



Since the turn of the Century in year 2000, the Not-in-Labor-Force cadre grew<sup>28</sup> by 26.4 million citizens, an increase of 39%. Shockingly the exodus remains unabated. More shockingly, this exodus

<sup>28</sup> BLS, <http://data.bls.gov/timeseries/LNS15000000>

largely goes unnoticed and underreported by policy-makers and the media. Why should anyone be shocked when able-bodied citizens question why they should even work anymore, especially when life on the dole is a much easier way to go?

Mitigation of voluntary labor force departures by adult workers to the nebulous Department of Labor's Bureau of Labor Statistics (BLS) Not-in-Labor-Force category needs to become one of the highest priorities for the new Trump Administration. It is not conceivable that President Trump's plan for 25 million new jobs in the next decade will be offset by 15 million job losses—the current rate of voluntary workforce departures—or greater if another major financial downturn occurs.

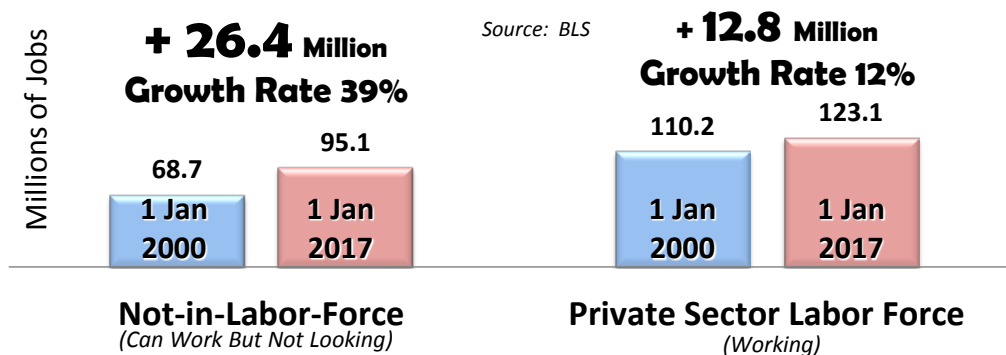
The place for the Administration to start the exodus-mitigation process is by educating the American public, decision-makers, media-pundits and policy-makers on why so many people voluntarily depart the labor force and how the federal government accounts for the 95 million adults capable of working but choose not to work.

According to the BLS<sup>29</sup>, the basic concepts involving employment and unemployment are straight forward: citizens (over age 16) with jobs are **employed**; citizens are **unemployed** if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work; capable adults who are neither employed nor unemployed and are no longer looking for a job are counted as **not in the labor force**. The Not-in-Labor-Force cadre poses a significant threat to the success of the Trump Administration.

Policy-makers tend to overemphasize the 7,529,300 citizens in the “official” (U3) unemployment category to the detriment of 95,102,000 persons in the Not-in-Labor-Force category. Today the number of people in the Not-in-Labor-Force category are 12-times the number in the U3 unemployment category and exerts much greater strain on the U.S. economy and labor force. Not-in-Labor-Force category also represents a significant societal challenge to the American workfare ethic. The BLS reports<sup>30</sup> that 95% of the Not-in-Labor-Force survey respondents say that they “do not want a job now”—and maybe never the longer they are absent from work.

## Not-in-Labor-Force versus Private Sector Labor Force

Source: U.S. Bureau of Labor Statistics



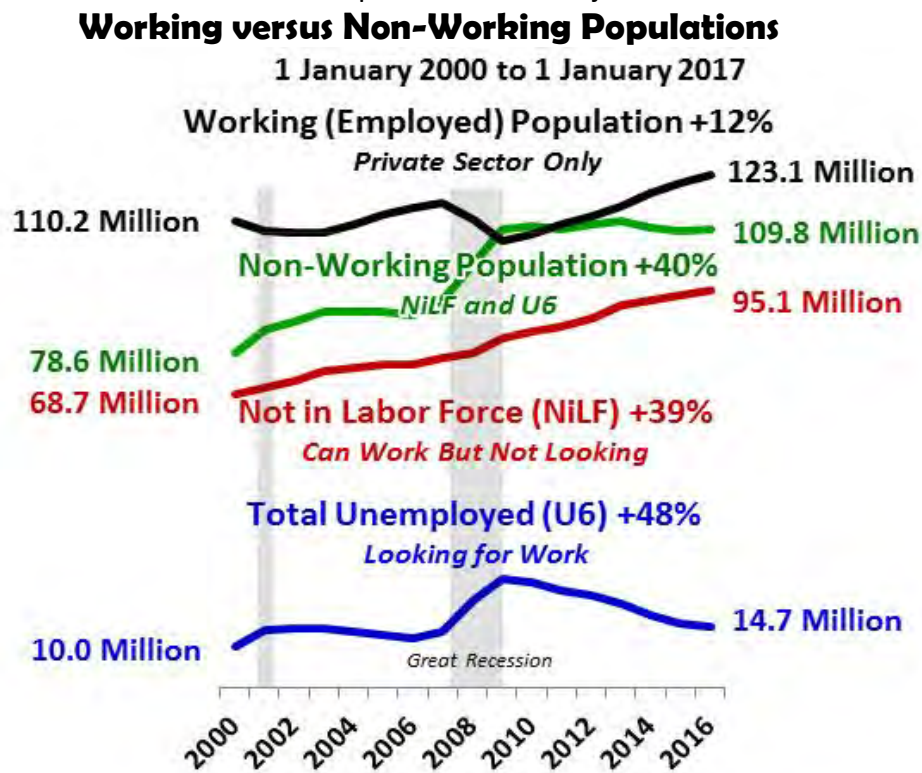
<sup>29</sup> BLS, How the Government Measures Unemployment, [http://www.bls.gov/cps/cps\\_htgm.htm#unemployed](http://www.bls.gov/cps/cps_htgm.htm#unemployed)

<sup>30</sup> BLS, Persons not in the labor force who do not want a job now, <http://www.bls.gov/web/empst/cpseea38.htm>

Comparing the size of the Not-in-Labor-Force to the nonfarm private sector labor force increases the disparity even further. Today, the Not-in-Labor-Force cadre is 77% the size of the taxpaying, goods-producing, service-providing private sector workforce that employs 86.5% of all Americans (government provides 13.5%). If the total number of unemployed were added to the mix, the not employed/not looking cadre would equate to 89% the size of the 123,080,000 workers in the private sector. If current trends continue, the Not-in-Labor-Force will exceed the Private Sector Labor Force in 2024.

Trump campaign's economist<sup>31</sup> estimates “for each 1% in added GDP growth, the economy adds 1.2 million jobs. Increasing growth by 1.5% would result in 18 million jobs (1.5 times 1.2 million times 10 years) above the projected current law job figures of 7 million, producing a total of 25 million new jobs for the American economy.” This optimistic projection simply will not happen unless the Administration gets a handle on the exodus of citizens who voluntarily leave the labor force for dependency on public welfare, familial assistance, and alternative (often illicit) lifestyles.

The next two graphics, derived from the latest BLS data, shows the seriousness of the Not-in-Labor-Force threat to the success of President Trump’s economic and job creation vision.



To get a strategic snapshot of the state of the U.S. labor force, one must compare the Working Population (Employed) against the Non-Working Population (U6 Total Unemployed and Not-in-Labor-Force). The latest BLS Employment Situation Summary<sup>32</sup> reports that 123.1 million Employed

<sup>31</sup> Trump/Pence Website, <https://www.donaldjtrump.com/press-releases/fact-sheet-donald-j.-trumps-pro-growth-economic-policy-will-create-25-milli>

<sup>32</sup> BLS, <https://www.bls.gov/news.release/empsit.nr0.htm>



Americans work in the private sector versus 109.8 million citizens who are Unemployed (U6, defined as total unemployed and underemployed people who are looking for work) and Not-in-Labor-Force (NiLF, defined as adults capable of working but choose not to work).

From 1 January 2000 to 1 January 2017, the working population (Private Sector Employed) increased by 12% compared to a 39% rise in the non-working population (U6/NiLF). The non-working population briefly exceeded the working population during the 2007-2009 Recession and is likely to outnumber the working population by 2024 if current trends continue, or earlier if an economic downturn occurs. Considering the fact that the U.S. experiences 3 financial crises and 1.7 recessions per decade, which makes a near-term downturn a real possibility for the Trump Administration officials who will not be able to deploy \$17 trillion worth of stimuli, buyouts, bailouts and other incentives offered by the Obama Administration and The Federal Reserve.

From 1 January 2000 to 1 January 2017, the Not-in-Labor-Force cadre grew from 68,655,000 to 95,102,000, an increase of 26,447,000 citizens who are often dependent on public/familial assistance. Today, the Not-in-Labor-Force exceeds the U6 Unemployed cadre by 6-times and 12-times the number of people enrolled in the U3 Unemployment category that is generally referred to as the "officially unemployed." This great disparity is rarely addressed by policy-makers, analyzed by decision-makers or mentioned by the media's talking-heads, all of whom focus almost entirely on the "Official U3 Unemployment Rate" that is now at a near post-recession low of 4.7%.

Jobenomics contends that all Americans who are capable of work, regardless if they are looking or not, should be considered "**Functionally Unemployed.**" Functional is defined as capable of operating or working. An adult who is capable of working but chooses not to work should be considered unemployed for the same reason that "discouraged", "marginally attached" and "part-time workers for economic reasons" are included in U4, U5 and U6 unemployment categories.

Evaluating whether a person wants to work rather than their ability to work is like treating a symptom rather than the disease. Sooner or later, the American people will figure out that the current way our government calculates unemployment is seriously flawed. **Under the current system, it is theoretically possible for the U.S. to have a zero rate of unemployment while simultaneously having zero people employed in the labor force.** Since Not-in-Labor-Force personnel are not counted as unemployed, the official unemployment rate could theoretically be zero if all unemployed people simply quit looking for work and joined those in the Not-in-Labor-Force.

### "Functional Unemployment"

| Labor Force                                    |  | 1 January 2017 |          | Unemployed |     |
|--|--|----------------|----------|------------|-----|
| Category                                       | Definition   | Percent        | Millions |            |     |
| Unemployed (BLS U6)                            | Unemployed or underemployed who are looking for work |                | 14.7     |            |     |
| BLS "Not in labor force"                       | Have no job and are not looking                      |                | 95.1     |            |     |
| Total U6 Unemployed + Not-in-Labor-Force (BLS) |  |                | 109.8    |            |     |
| % Total US Population (Census Bureau)          |  |                | 324.3    |            | 34% |

Jobenomics further contends that unemployment rates should be reported as a percentage of the entire population as opposed to the Civilian Labor Force (defined by the BLS as the number of employed and unemployed), which is a rather arbitrary number based on the willingness to work or look for work. If calculated against the entire U.S. population<sup>33</sup>, the combined rate of “functionally unemployed” would be at **34%, which is significantly higher than the 4.7% U3 or 9.2% U6 unemployment rates.**

Determination whether a person is counted as unemployed should not depend on subjective, and often whimsical, survey questions used to appraise people’s employment intentions. The four BLS survey questions that government interviewers use to record a person as unemployed include (the bolded words are emphasized when read by the interviewers):<sup>34</sup>

- (1) Do you currently want a job, either full or part time?
- (2) What is the main reason you were not looking for work during the **last 4 weeks**?
- (3) Did you look for work at any time during the last 12 months?
- (4) **Last week**, could you have started a job if one had been offered?”

If a respondent answers positively to all four questions, that person is considered Unemployed. If the respondent answers “no” to any question, that person is assigned to the Not-in-Labor-Force.

Unfortunately the U.S. Department of Labor and its Bureau of Labor Statistics has very limited data on people once they depart the labor force. During a bi-annual survey, people who did not work at all in the previous year are asked to give the main reason they did not work. According to the BLS, “Interviewers categorize survey participants’ verbatim responses into the following categories: ill health or disabled; retired; home responsibilities; going to school; could not find work; and other reasons.”<sup>35</sup> In 2014, the latest data available from the BLS, out of a total 87 million people who did not work or did not look for work: 44.1% were retired (CPS does not provide an estimate of the number of people who are retired and has no standard definition of what it means to be retired), 18.6% were ill or disabled, 15.5% had home responsibilities, 18.3% were going to school and 3.5% expressed other reasons. Since the BLS is primarily interested in whether people are working or looking for work, does not ask why people are not seeking a job. “Our survey is designed to measure work and looking for work,” said Karen Kosanovich, a BLS economist. “We do not focus on people outside of the labor market.”<sup>36</sup>

From a Jobenomics perspective, the explosive growth of people in the Not-in-Labor-Force Category is the most serious challenge facing the Trump Administration, American policy-makers and the American public. Woefully, little is being done to address this challenge. Hopefully, our new

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<sup>33</sup> U.S. Census Bureau, U.S. & World Population Clocks, <http://www.census.gov/main/www/popclock.html>

<sup>34</sup> BLS, Who is not in the labor force?, [http://www.bls.gov/cps/cps\\_htgm.htm#nilf](http://www.bls.gov/cps/cps_htgm.htm#nilf)

<sup>35</sup> BLS, Beyond the Numbers, People who are not in the labor force: why aren't they working?, December 2015, <http://www.bls.gov/opub/btn/volume-4/people-who-are-not-in-the-labor-force-why-arent-they-working.htm>

<sup>36</sup> Washington Post, 16 September 2016, <https://www.washingtonpost.com/news/fact-checker/wp/2016/09/16/trumps-absurd-claim-that-92-million-americans-represent-a-nation-of-jobless-americans/>



Secretary of Labor, Andrew Puzder, will rise to the challenge. Puzder, the former CEO of CKE Restaurants, a fast-food chain, is a person of considerable skills which will be discussed in Part 12 of this series.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"President Trump's Gig Workforce"** scheduled for release on 24 February 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*



## President Trump's Gig Workforce

President Trump's New Economy Challenge: Part 6 of 20



**Keywords:** *Presidential Transition, Cabinet Picks, Donald Trump, Trump Administration, 25 Million New Jobs, Mike Pence, Bureau of Labor Statistics, Department of Labor, Census Bureau, U.S. Labor Force, Gig Workforce, Contingent Workforce, Part-time Workers, Digital Economy, Gig Economy, Make America Great Again, Harvard, Ardent Partners, Military Technology Revolution, Information Technology Revolution, Energy Technology Revolution, ETR, Network Technology Revolution, NTR, Screenagers, Generation Z, Millennials, Generation Y, Great Recession, Adam Smith, Oxford University*

The Trump/Pence Campaign website page entitled, “Donald J. President Trump’s Vision on Economy” listed fifteen key issues affecting the U.S. economy. One major issue that was not listed is the Gig/Contingent Workforce Economy that is one of the largest and least understood elements of the U.S. economy. Today, 40% of all American workers do not have “standard workforce agreements” and make their living on a combination of part-time (a gig) or contingent (conditional, uncertain or random) work. By 2030, Jobenomics estimates that over half of the U.S. labor force will be contingency workers who earn substantially less than standard full-time workers. As evidenced by the eroding middle-class, the contingent workforce trend has to be one of the highest priority issues for the Trump Administration in order to achieve economic prosperity and “Make America Great Again.”

The Gig/Contingent Workforce Economy is defined as an environment in which temporary positions are common and organizations contract with independent workers for short-term engagements. The trend toward a gig/contingent workforce economy is well underway. America’s labor force is in a state of transition from a standard full-time work force to a contingent workforce that consists of part-time, temporary, contract labor, independent contractors, consultants and free-lancers.

Most people incorrectly assume that the word “gig” is extrapolated from digital terms like gigabyte. The appropriate definition of gig is a job of short-term duration that was coined during the Great Depression. In the 1930s, a “gig” was a term largely used by musicians for a single engagement of short or uncertain duration. Today, due to uncertain economic conditions and the influence of the revolution in digital and network technology, about 40% of all Americans make their living working gigs rather than full-time jobs. According to a recently released Harvard study, from February 2005 to November 2015, almost all employment growth (9.7 million) in the U.S. labor force occurred in the contingent workforce (9.4 million) as opposed to the standard labor force.<sup>37</sup>

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<sup>37</sup> Harvard University and NBER, The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015, Lawrence F. Katz and Alan B. Krueger, 29 March 2016, page 7-8, [https://krueger.princeton.edu/sites/default/files/akrueger/files/katz\\_krueger\\_cws\\_-\\_march\\_29\\_20165.pdf](https://krueger.princeton.edu/sites/default/files/akrueger/files/katz_krueger_cws_-_march_29_20165.pdf)

Jobenomics forecasts that the Gig/Contingent Workforce will be the dominant (50%) form of labor in the United States based on seven factors: (1) increasing labor force losses versus labor force gains, (2) adverse corporate hiring and employment practices, (3) revolution in digital and network technologies, (4) automation of manual and cognitive jobs, (5) impact of the emerging digital economy, (6) shift from full-time, to part-time and task-oriented labor, and (7) cultural differences of new labor force entrants.<sup>38</sup>

**Increasing labor force losses versus labor force gains.** According to the U.S. Bureau of Labor Force Statistics data (Table A-1 and B-1), the U.S. labor force took an ominous reversal at the beginning of the 21<sup>st</sup> Century when workforce departures dramatically outpaced the number of people entering the labor force.<sup>39 40</sup>

## Labor Force Reversal

### 1 Jan 1980 to 1 Jan 2017, Millions of Workers

Source: BLS Tables A-1, B-1



During the 1980s and 1990s, voluntary workforce departures were 366% less than employment gains (40.1 million versus 8.6 million). From January 2000 to January 2017, voluntary workforce departures were 82% greater than employment gains (14.0 million versus 26.4 million). From a Jobenomics standpoint, this labor force reversal is largely due to the poor economic conditions, conservative hiring practices, use of technology to automate and outsource work to gig/contingent workers, and attractiveness of government welfare and means-adjusted assistance programs.

Without significant jobs growth in conjunction with a meaningful reduction of voluntary departures, the U.S. economy is not sustainable, middle-class wages will continue to erode, consumption (70% of U.S. GDP) is likely to falter, and another recession is probable. Consequently, it is imperative that policy-makers, decision-leaders and business executives aggressively create employment opportunities that will motivate citizens towards workfare over welfare and self-sufficiency over

<sup>38</sup> See Jobenomics Employment Report for a detailed explanation of these seven factors, Pages 40 to63, <http://jobenomicsblog.com/wp-content/uploads/2016/08/Jobenomics-U.S.-Employment-Analysis-Q2-2016-31-July-2016.pdf>

<sup>39</sup> BLS, Table A-1, Employment status of the civilian population by sex and age, <https://www.bls.gov/webapps/legacy/cpsatab1.htm>

<sup>40</sup> BLS, Table B-1, Employees on nonfarm payrolls by industry sector and selected industry detail <https://www.bls.gov/webapps/legacy/cesbtab1.htm>

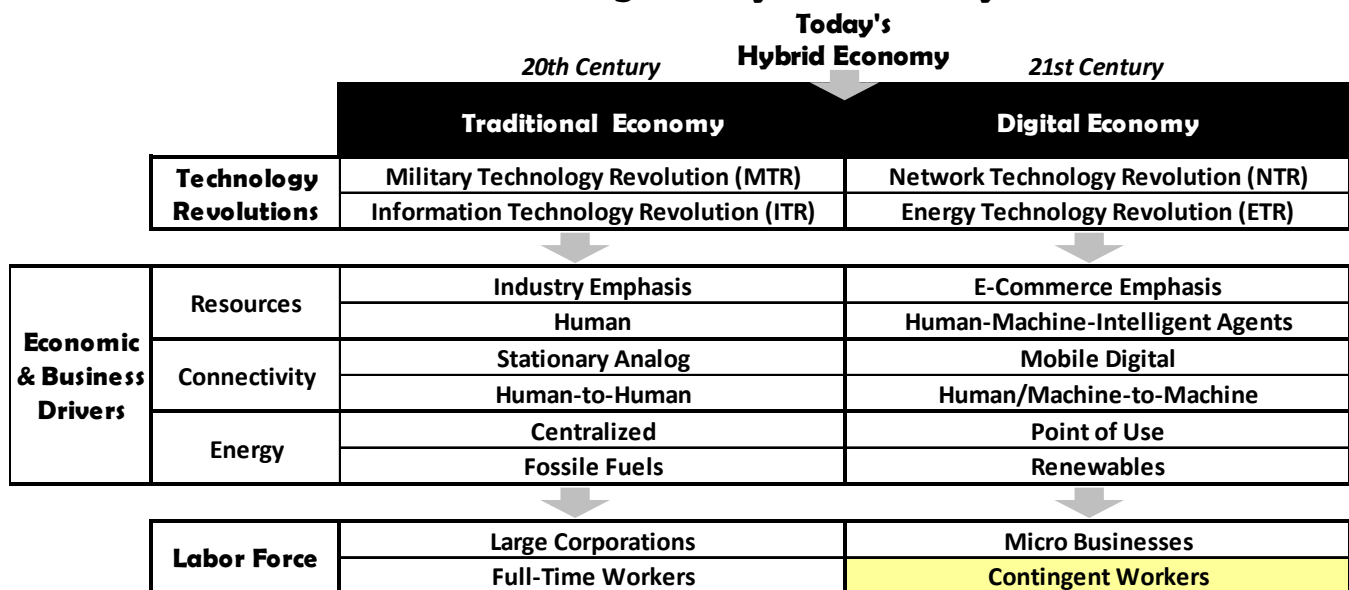


public/familial dependence. In the near future, the Gig/Contingent Workforce Economy will provide approximately half of America's workforce opportunities. If these opportunities do not provide meaningful wages and viable career paths, the exodus of voluntary workforce departures will remain unabated and perhaps increase.

**Adverse corporate hiring and employment practices.** So far this decade (2000 to 2017), small businesses created 2.9-times as many jobs as big businesses. This figure should not be surprising since, most big businesses can make more money-on-money than on people-made goods or people-provided services. To combat the rages of the Great Recession, big business received numerous government incentives and low interest loans. Rather than using these incentives to recapitalize, most corporations understandably used the money to buy back stock, merge, acquire, invest in the stock and derivatives markets and invest in low-tax or cheap-labor foreign operations. The net result of these actions was stronger corporations and a weaker American labor force. If not for small business, the U.S. labor force would be much smaller than it currently is.

While it is essential that the United States maintain strong corporations, it is equally essential to develop a strong labor force. Government and big business must play a larger role in developing meaningful employment and small business opportunities. Corporate profitability must also remain a high priority but not at the expense of the American worker.

## U.S. Transitioning To a Hybrid Economy



The U.S. economy is transitioning from a traditional W-2 economy with standard employees to a digital 1099 economy with "non-employee" contingent workers. From a corporate standpoint, non-employees (contingent workers) make a lot of sense. Outsourcing work to a task-oriented and temporary workforce can provide corporate managers more flexibility and higher profitability than maintaining higher-priced, full-time employees. Contingent workers are also a solution to corporations that are struggling to attract talented workers. Critical skillsets can often be obtained by independent contractors, flex-workers, freelancers and on-demand labor.

According to Ardent Partners, a U.S. research consultancy, “95% of organizations today perceive their contingent workforce as important and vital today not only to day-to-day operations, but also to ultimate enterprise success and growth.” In 2015, Ardent calculates that 54% of corporate top talent is concentrated on traditional workers, 20% on contingent workers, and the remaining balance (26%) a combination of traditional and contingent workers. By 2017, this concentration is expected to be 41% traditional, 25% contingent and 34% combined.<sup>41</sup>

Unfortunately, corporate America does not have a common contingent workforce management framework. The same is true with government agencies at both the federal and state levels. In order to build a stronger U.S. labor force, leading corporate executives and government officials need to develop a strategic contingent workforce plan that will minimize exploitative hiring and contracting practices of non-employees as well as giving rise to contingency-oriented businesses that provide livable incomes for their workers.

**Revolution in energy and network technologies.** Today, the U.S. economy can be characterized as a hybrid economy that was formed largely by previous technology revolutions (the post-WWII Military Technology Revolution and the 1980s/1990s Information Technology Revolution) and is being transformed by two emerging technology revolutions (Energy Technology Revolution [ETR] and the Network Technology Revolution [NTR]).

The ETR and NTR have the potential to create millions of small and self-employed businesses and tens of millions of net new U.S. jobs. A substantial percentage of these new jobs will be high-end contingency work provided by a contingent workforce oriented professional services firms, consultancies, independent contractors and self-employed businesses.

The ETR and NTR will be both innovative and disruptive. Innovative technology produces new and more efficient products and services that **create** new jobs, businesses, markets and industries. Disruptive technology produces new and more efficient products and services that **displace** existing jobs, businesses, markets and industries. If properly planned and executed, the churn created by the ETR and NTR can provide significant benefit to the U.S. labor force and economy. Unfortunately, the United States does not have a strategic vision for either of these revolutions, nor does it have a strategy for exploiting the growing Gig/Contingent Workforce Economy.

**Impact of the emerging digital economy.** As discussed in the next posting, the digital economy has seven distinct but interconnected communities: (1) Electronic/Mobile Commerce Economy, (2) Sharing/On Demand Economy, (3) Apps/Bot/Artificial Intelligence Economy, (4) Platform Economy, (5) Gig/Contingent Workforce Economy, (6) Data-Driven Economy, and (7) Internet of Everything Economy.

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<sup>41</sup> Ardent Partners, The State of Contingent Workforce Management 2015-2016, [http://www.fieldglass.com/resources/reports/2015\\_2016\\_state\\_contingent\\_workforce\\_management\\_report](http://www.fieldglass.com/resources/reports/2015_2016_state_contingent_workforce_management_report)

The Gig/Contingent Workforce Economy is almost invisible to the American public and the least understood. By 2030, most of today's economic and technical experts look to the Internet of Everything Economy as the force majeure. Jobenomics disagrees. Given current trends and stockpiles of cash, the Platform Economy is likely to dominate the global economic landscape with hegemonic power afforded to interlocking mega-platform conglomerates.

Predicting the digital economy at this early stage is merely a guessing game. The only reality that is known today concerning the U.S. economy and labor force, which is in a profound state of transformation, that it is generally underappreciated by policy-makers and the American public. Of the seven distinct but interconnected communities within the emerging digital economy, the Gig/Contingent Workforce Economy poses the greatest potential downside to prosperity and a vibrant American workforce.

The digital economy will be addressed later in greater detail in this series entitled, "President Trump's New Economy Plan?"

**Automation of the labor force.** While the revolution in network and digital technologies can create tens of millions of American jobs, it can also obsolete tens of millions of American jobs. As more and more routine manual and cognitive jobs are displaced, the contingent workforce is likely to expand proportionally.

The Network Technology Revolution is not today's version of the 1980s and 1990s Information Technology Revolution 2.0. While both the ITR and NTR incorporate revolutionary technology, the NTR portends to be significantly more intrusive than its earlier and more benign ITR cousin. ITR tools were designed to **assist** mankind's productivity via rule-based computation of routine-tasks. NTR agents are designed not only to augment, but also **replace** human endeavor via automation of non-routine tasks. The NTR represents a perfect storm of technologies that emulates human form, attributes and intelligence. Not only does the NTR have the ability to create tens of millions of net new American jobs, it has the ability to eliminate tens of millions of American jobs via automation.

As skilled labor becomes less available or too costly, employers are turning to automation in order to augment, displace or replace the traditional workforce. While automation has been replacing routine manual labor tasks for decades, as evidenced by factory floor robotics, emerging NTR technologies, systems, processes and services are replacing non-routine cognitive tasks, skills, jobs and occupations at greater and greater rates.

From a Jobenomics perspective, low-skill jobs are the easiest to automate, whereas medium-skilled jobs are the easiest to bifurcate into task-oriented work that can be performed by a combination of humans and machines. While the NTR is creating new positions for high-skilled workers, it is causing increased competition for medium and low-skilled workers who are increasingly being replaced by artificially intelligent algorithms and machines. Increased competition causes workers to accept lower wage jobs or forcing medium and low-skill workers into the contingent workforce or out of the labor force entirely.

According to a 2013 Oxford University study on computer automation “about 47% of total U.S. employment is at risk over the next two decades.”<sup>42</sup> If Oxford’s estimates are correct, out of the 150 million U.S. workers, 70 million jobs could be at risk. It is incumbent on policy-makers and decision-leaders to plan now to mitigate the automaton risk to the greatest degree possible.

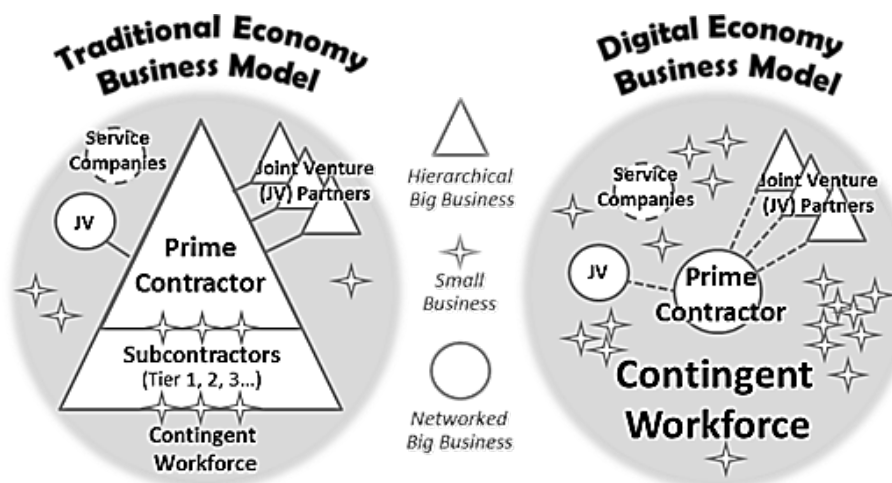
Automation of the American workforce will be addressed later in greater detail in this series entitled, “Automated U.S. Workforce?”

**Shift from full-time, to part-time and task-oriented labor.** Via the NTR, the emerging digital economy, automation, outsourcing and job polarization, many traditional full-time jobs will be dissected into discrete tasks, which in turn will be addressed by temporary teams and virtual organizations staffed by a hybrid workforce consisting of standard workers, contingent workers and artificially intelligent systems.

Today’s software can divide complex jobs into smaller tasks, automate the routine work, and then recruit contingent workers through online network hubs to perform non-routine work. As automated systems learn human skills, these increasingly intelligent systems will assimilate anthropomorphic traits in order to perform more and more complex non-routine cognitive and manual tasks.

Team collaborative and management tools will further create “contextual” work environments that rapidly form, perform, and then reform to address subsequent tasks. Micro jobs, micro labor and micro tasks are becoming more common. Brick-and-mortar edifices designed to house full-time employees are giving way to temporary offices, mobile computing and home-based operations—environments ideally suited for a contingent workforce. Savings in infrastructure, utility and transportation costs are subsequently shifted from the employer to the employee or nonemployee.

## Traditional versus Digital Business Models



<sup>42</sup> Oxford University, *The Future of Employment: How Susceptible Are Jobs To Computerization?*, 17 Sep 2013, [http://www.oxfordmartin.ox.ac.uk/downloads/academic/The\\_Future\\_of\\_Employment.pdf](http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf)[http://www.oxfordmartin.ox.ac.uk/downloads/academic/The\\_Future\\_of\\_Employment.pdf](http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf)

In the Jobenomics lexicon, as shown, tomorrow's organization will be a hybrid model that embraces both the traditional and digital business models. In a traditional business model, supervisors mandate goals to meet and achieve defined performance standards accomplished by hierarchically structured and stratified teams. While the contingent workforce is present, it usually is subordinated and a small fraction of the overall workforce in the traditional business model. In a digital business model, managers coordinate dispersed tasked-focused teams that play a much greater and influential workforce role. The formula for success for a hybrid labor force is to find the right balance between the models. Task-oriented contingent work is likely to accelerate in proportion to digital economy and e-business growth.

Shift from full-time, to part-time and task-oriented labor will be addressed later in greater detail in this series entitled, "President Trump's Non-Standard Workforce."

**Cultural differences of new labor force entrants.** Ethnology involves a branch of study that analyzes cultures in regard to their development, differences and relationships between various demographic groups. The ethnology of new labor force entrants will be increasingly important as 154 million NTR-savvy "Screenagers" (Generation Z, born 1996 to present) and "Millennials" (Generation Y, born 1980 to 1995) enter the workforce over the next decade. The vast majority of Screenagers and Millennials will form the backbone of the contingent workforce.

The global digital economy will be shaped mainly by the digital generation and the ideology of their mentors. Generation Z, called Screenagers by Jobenomics due to the excessive amount of time online screen time that youngsters absorb, are true digital natives. These digital natives will shepherd America into the Gig/Contingent Workforce Economy, the greater Digital Economy as well as the future Networked Era. Currently voting age and younger, Screenagers will soon be the fast growing segment of the U.S. labor force, standing aside their digital compatriots, the Millennials, who became the largest generation in the workforce in 2015 and the largest living American generation in 2016.

Screenagers and Millennials generally prefer contingent work over traditional full-time occupations. 61% of Millennials still at "regular" jobs want to quit within two years and be entirely independent. 72% of surveyed Screenagers want to start their own business<sup>43</sup>. While much of this is wishful thinking, the NTR will provide many of these Millennials and Screenagers with business and traditional and contingent employment opportunities that will make their wishes come true.

Rather than trying to force-fit new labor force entrants into the baby boomer-oriented legacy labor pool, it is prudent to seek solutions that recognize the realities of changing workforce attitudes and help newcomers to productively pursue their unique self-interests to obtain self-sufficient lifestyles. As advocated by Adam Smith, the forefather of today's classical free market economy, when individuals pursue their self-interest, they indirectly promote the greater good of society by producing vital goods, services and tax revenues for society. Accordingly, digital natives should be afforded the opportunity to be self-directed in the emerging digital economy. Jobenomics contends

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<sup>43</sup> Ryan Jenkins Next Generation Catalyst, 7 Emerging Millennial and Generation Z Trends For 2015, <http://ryan-jenkins.com/2015/02/05/7-emerging-millennial-and-generation-z-trends-for-2015/>, and Global Messaging, Beyond Facebook: How to Market to a New Generation, <https://www.globalmessaging.co.uk/index.php/beyond-facebook-market-new-generation/>



that micro and self-employed business creation is a viable way to accommodate the expanding Gig/Contingent Workforce Economy.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"President Trump's Non-Standard Workforce"** scheduled for release on 27 February 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*

## President Trump's Non-Standard Workforce

President Trump's New Economy Challenge: Part 7 of 20



**Keywords:** *Presidential Transition, Donald Trump, Trump Administration, Job Creation Plan, Andrew Puzder, Secretary of Labor, Bureau of Labor Statistics, Department of Labor, Census Bureau, Government Accountability Office, BLS, GAO, U.S. Labor Force, Contingent Workforce, Non-Standard Workforce Agreement, Non-Employee, Part-Time, Full-Time, Day Laborers, Freelancers, Independent Contractors, Prime Minister Shinzo Abe, Japan, Brexit, Employment, Unemployment, Economic Development, Workforce Development, Business Development*

The Department of Labor Bureau of Labor Statistics (BLS) defines the contingent workforce as the portion of the labor force that has “**nonstandard work arrangements**” or those without “permanent jobs with a traditional employer-employee relationship.” The ever growing non-standard contingent workforce will consist of over 50% of the U.S. labor force overcoming today’s standard full-time workforce during the next decade. From a Jobenomics perspective, the contingent workforce issue should be the second highest priority (second only to mitigating the exodus of voluntary workforce departures) for the incoming Secretary of Labor, Alexander Acosta and his Department of Labor, which (by the Department’s own admission) knows little about this mega-trend. President Trump should be an expert on the contingent workforce due to his former position as a construction industry CEO that oversees projects that overwhelmingly employ non-standard, non-employee contingency workers.

A total of five Contingent Workforce Supplement (CWS) studies were conducted by the Department of Labor’s Bureau of Labor Statistics (BLS) in 1995, 1997, 1999, 2001 and 2005. Since the 2005 CWS, the BLS repeatedly requested that the CWS be reinstated.<sup>44</sup> After a 10-year hiatus, the BLS will finally resume the CWS. In the FY2016 Budget, out of a total BLS budget of \$637.4 million, the BLS was granted a mere \$1.6 million and 3 full-time equivalent personnel to conduct a CWS every other year.<sup>45</sup> Considering the magnitude of the contingent workforce challenge, hopefully these three new BLS employees will be really good at their job.

The contingent workforce is comprised of two categories: “**Core**” and “**Non-core**” Contingency.

**Core contingency** workers include part-time workers, agency temps, direct-hire temps, on-call workers and laborers and contract company workers. Core contingency workers are often low wage earners that have nonstandard work arrangements out of necessity (involuntary workers) and are often subject to exploitation. Government generally views core contingent workers as a fiscal liability

<sup>44</sup> U.S. Census Bureau, Supplemental Surveys, <http://www.census.gov/programs-surveys/cps/about/supplemental-surveys.html>

<sup>45</sup> FY 2016 Congressional Budget Justification Bureau Of Labor Statistics, Labor Force Statistics, CWS, pages BLS-1 and BLS-11, <http://www.dol.gov/sites/default/files/documents/general/budget/2016/CBJ-2016-V3-01.pdf>

since these workers often receive lower wages compared to “standard workers” and are not entitled to traditional employer-provided retirement and health benefits. Consequently, core contingent workers rely on government retirement, health benefits and other means-adjusted assistance programs to a much greater degree than the standard workforce. Low wage earning core contingency workers are the group most likely to become discouraged, quit looking for work and voluntarily depart the labor force.

**Non-core contingency** workers include independent contractors, self-employed workers and standard part-time workers who work fewer than 35 hours per week. Non-core contingency workers generally seek nonstandard work agreements as a matter of choice (voluntary workers). Jobenomics views the non-core workforce as a positive and growing economic force. Most next-generation workforce entrants (Generation Z’s digital natives) are not seeking traditional employer-employee relationships and prefer self-employment in the so-called “digital” economy.

The following chart was derived from the 2015 Government Accountability Office (GAO) report, entitled the “Contingent Workforce: Size, Characteristics, Earnings, and Benefits”, that compared historical surveys (Contingent Workforce Supplement, CWS; and the General Social Survey, GSS).<sup>46</sup>

### Contingent Workforce Size Estimates 1998 to 2030

|            | BLS/GAO<br>1995 CWS | BLS/GAO<br>1999 CWS | BLS/GAO<br>2005 CWS | GSS<br>2006 | GSS<br>2010 | Jobenomics<br>1 Jan 2017 | Jobenomics<br>2030 Est. |
|------------|---------------------|---------------------|---------------------|-------------|-------------|--------------------------|-------------------------|
| Employed   | 123,208,000         | 131,494,000         | 138,952,000         | 143,150,000 | 138,438,000 | 159,968,000              | 180,000,000             |
| Contingent | 39,549,768          | 39,448,200          | 42,519,312          | 50,531,950  | 55,790,514  | 63,987,200               | 90,000,000              |
| Workforce  | 32.1%               | 30.0%               | 30.6%               | 35.3%       | 40.3%       | 40.0%                    | 50.0%                   |

Using composite data from multiple sources, the BLS and Government Accounting Office (GAO) estimates contingent workers to be 30% to 40% of the “Employed” U.S. labor force. Today, the total number of U.S. employed was 159,968,000 million people.<sup>47</sup> Using the 40% figure, a total of over 60 million Americans would be considered contingent workers. As addressed in the previous posting, by 2030, Jobenomics estimates that 50% of all employed workers in the United States will be contingency workers for a total of 90 million, with the other half being standard full-time workers.

Jobenomics 2016 estimate of 40% for core and non-core contingency workers is roughly equivalent to the GAO’s high water mark of 40.4% of the U.S. labor force in 2010<sup>48</sup> and Bloomberg’s contingency workforce estimate of 40% for 2020.<sup>49</sup> Jobenomics 2016 estimate is also similar to estimates from

<sup>46</sup> U.S. Government Accountability Office, GAO-15-168R, Contingent Workforce: Size, Characteristics, Earning and Benefits, 20 April 2015, <http://www.gao.gov/assets/670/669766.pdf>

<sup>47</sup> BLS, Employment Situation Summary Table A. Household data, <https://www.bls.gov/news.release/empsit.a.htm>

<sup>48</sup> U.S. Government Accountability Office, Contingent Workforce: Size, Characteristics, Earnings, and Benefits, 20 April 2015, <http://www.gao.gov/products/GAO-15-168R>

<sup>49</sup> Bloomberg Businessweek, 20-25 October 2014 Edition, Companies/Industries, Page 20



other developed economies. For example, in Japan, contingent workers (non-regular workers) accounted for 40% of the total Japanese labor force in 2014, up from 10% in 1990.<sup>50</sup>

According to the GAO April 2015 study, the size, character, earnings and benefits of today's contingent workers are largely unknown to the Department of Labor and U.S. policy-makers. Quoting the GAO, "there is a lack of consensus on how to define contingent work, in part because researchers focus on different aspects of the labor market. Some definitions focus on job tenure or the precariousness of work, while some focus on employer-employee relationships. Available data thus produces varying estimates of the size of this workforce, depending on definition. Available data also does not fully enable analysis of trends in the size of the contingent workforce or the effects of economic cycles, such as the recent recession."<sup>51</sup> As a result, there is no government consensus on the magnitude of the contingent workforce.

Generally speaking, policy-makers wrongheadedly view the contingent workforce as a relatively insignificant portion of the U.S. labor force. They also view contingent workers more as a governmental liability than a public asset. The prevailing view of policy-makers is that most contingent workers receive lower wages and fewer employer-provided retirement and health benefits compared to standard workers. As a result, these workers are compelled to turn to government welfare and other means-adjusted programs for assistance. While this is true for the low-end of the contingency workforce, it is not necessarily the case for top-end contingency workers who chose nonstandard work as a matter of choice.

A growing number of non-core contingent workers **do not want** standard work, full-time jobs or traditional careers. 90% of independent contractors and self-employed workers reported in the last BLS CWS survey that they would not prefer a different type of employment from the one they have.<sup>52</sup> Uber drivers, apps developers, fracking industry wildcatters and knowledge workers are just some of many examples of the growing ranks of the non-core contingent workforce in occupations that did not even exist a decade ago.

## **Contingent Work Force Size and Disposition in 2017**

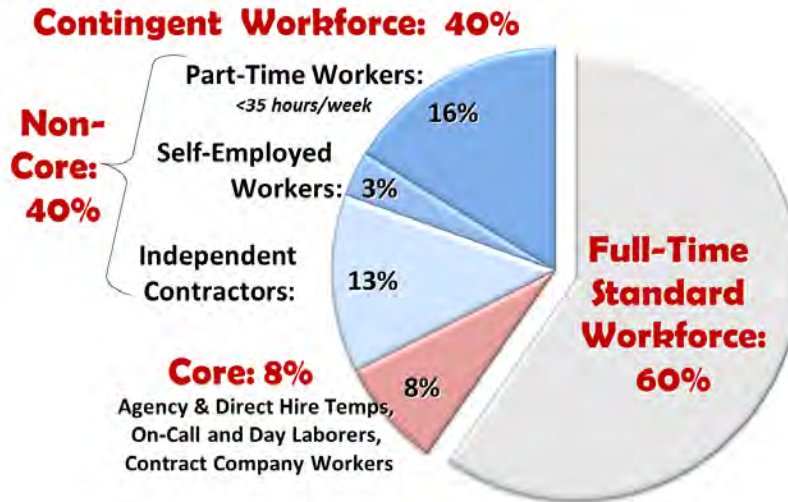
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<sup>50</sup> Asia-Pacific Journal, Scott North, "Limited Regular Employment and the Reform of Japan's Division of Labor", The Asia-Pacific Journal, Vol. 12, Issue 15, No. 1, April 14, 2014, <http://www.japanfocus.org/-Scott-North/4106/article.html>

<sup>51</sup> U.S. Government Accountability Office, GAO-15-168R, Contingent Workforce: Size, Characteristics, Earning and Benefits, 20 April 2015, <http://www.gao.gov/assets/670/669766.pdf>

<sup>52</sup> Ibid, Job Satisfaction, Table 12: Estimated Percentage of Workers Who Want a Different Type of Employment, 2005

Source: GAO, BLS, NORC, Jobenomics



Within the contingent workforce, the non-core group represents 32% of the workers and core group 8%. Standard part-time workers are the largest single disposition, at 16%, of all employed workers, followed by independent contractors at 13%, core workers at 8%, and self-employed workers at 3%. It appears that only the 5.8 million incorporated self-employed workers were included, excluding the 9.6 million unincorporated self-employed workers, which is consistent with the Jobenomics premise that government surveys are focused on incorporated businesses in existing nonfarm industries as opposed to all businesses. If the unincorporated self-employed workers were included in the calculation the contingent workforce would be closer to the 50% mark.

It is important to note that the number of incorporated self-employed businesses has grown by 35% since year 2000, giving credence to the notion that non-core contingent businesses are an important faction of the U.S. labor force and overall economy—a faction that is neither well reported nor understood.

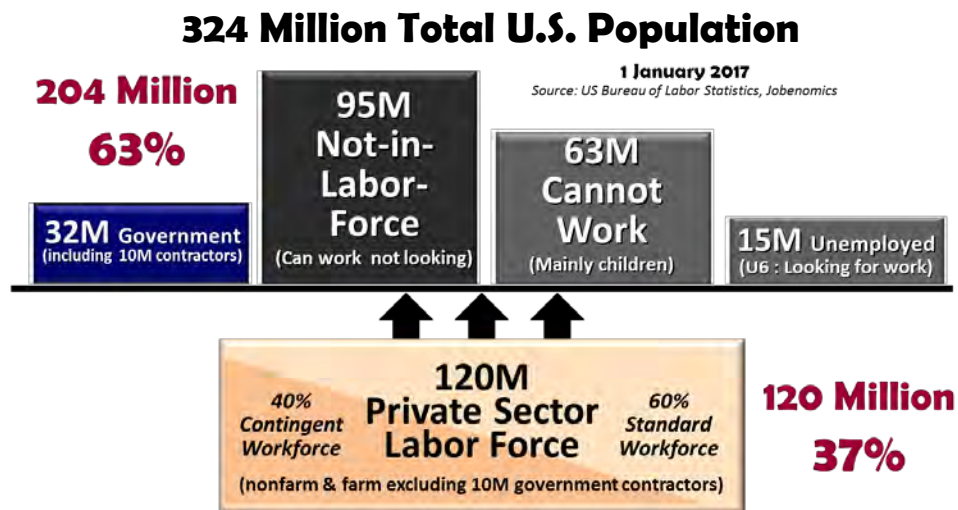
From a social science perspective, the major difference between core and non-core work involves social compact, an implicit contract for remuneration and protection in exchange for surrendering personal liberties. Relational employer-employee social compacts that evolved over the 20<sup>th</sup> Century are now less enforceable in today's transactional society. Relational social compacts emphasize mutual-interests, whereas transactional social compacts promote self-interests. Relational compacts better accommodate low-skilled, risk-adverse, vulnerable core contingent workers who are dependent on near-term wages and benefits. Transactional compacts favor skilled non-core contingent workers who tend to be more self-directed, entrepreneurial and self-supporting.

Consequently, Jobenomics believes that America needs a dual contingent workforce strategy to (1) minimize low-end core contingent workers and (2) maximize top-end non-core contingent workers with emphasis on individuals and occupations with the highest need and potential.

According to many labor force experts, new workforce entrants (e.g., Generation Z “Screenagers” and Generation Y “Millennials”) prefer contingency work over standard work for a number of reasons including self-direction, variety, flexibility and skill development. In addition, Screenagers and Millennials exhibit a general disillusionment with traditional corporate social compacts and promises

that have proven to be short-lived with older generations. Screenagers and Millennials also understand that traditional workforce growth is highly dependent on a robust economy, whereas contingent workforce growth is more resistant to economic fluctuations. In other words, in financial downturns more traditional work is outsourced to contingency workers.

The rise of the contingent workforce is not unique to the United States. Furthermore, contingent work is being embraced by foreign policy-makers to a greater extent than in America. In 2015, Japanese Prime Minister Shinzo Abe announced policies to make it easier for companies to dismiss standard workers in favor of contingency workers in order to make Japanese companies more competitive. An aging Japanese population will also fuel contingent work growth in Japan as retired workers and older women are seeking part-time work to supplement income in a struggling national economy. Europe is also struggling with the rapid rise in the contingent workforce as a result of widespread immigration both legal and illegal. Policy-makers in the United Kingdom cite the massive influx of contingent workers from mainland Europe (as part of the open border policy) as one of the primary reasons for Britain's exit from the European Union, Brexit. Policy-makers in China are actively preparing for the possibility of contingent work becoming the dominant element of their national labor force. China's 13<sup>th</sup> Five-Year Plan, a roadmap for the nation's development from 2016 to 2020, emphasizes the need to create a policy environment that can foster homegrown contingent workforce development and investment with emphasis on micro and self-employed businesses engaged in the emerging digital economy (e-business, e-commerce and e-retailing).



Today, 37% of all Americans financially support the rest of the country. Out of a total population of 324 million Americans, 120 million private sector workers support: 32 million government workers and government contractors, 95 million people who can work but chose not to work, 63 million who cannot work (caregivers, children, retired and institutionalized citizens), and 15 million unemployed, underemployed and marginalized citizens.

Unfortunately, America is focused on standard workforce solutions that will not have a significant impact on revitalizing the U.S. labor force. The standard workforce is in a state of decline in comparison to the burgeoning contingent workforce. Soon the contingent workforce will replace the standard full-time workforce as the dominant force of labor in the United States—a trend that has to



be one of the highest priority issues for the Trump Administration in order to achieve economic prosperity. In order to “Make America Great Again”, President Trump has to pay more attention to maximizing the potential of the non-core component of the contingent workforce while caring for the needs of low-wage earners in the core component.

Stay tuned for the next installment in the President Trump’s New Economy Challenge series entitled, **“President Trump’s Old Economy Emphasis”** scheduled for release on 2 March 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement’s goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*

## President Trump's Old Economy Emphasis

President Trump's New Economy Challenge: Part 8 of 20



**Keywords:** *Presidential Transition, Donald Trump, Trump Administration, 25 Million New Jobs, Manufacturing, Industrial, Industrial Age, Network Age, Information Age, Network Technology Revolution, Energy Technology, Digital Economy, Contingent Workforce, New Economy, Old Economy, New Economy, Steven Hawking, Bill Gates, Elon Musk, Apple, HP, Facebook, Google, CISCO, Amazon, Microsoft, eBay, Amazon, IBM, Apps, Bots, Artificial Intelligence*

Jobenomics deals with the economics of small business and job creation. Consequently, having a businessman as president and a cabinet full of business executives is likely to be a big plus for businesses and the labor force. For the most part, Jobenomics is pleased with the business orientation of the Trump Administration. On the other hand, Jobenomics is perplexed by the lack of discussion, planning and policies regarding the revolution in network and digital technologies (called the Network Technology Revolution, or NTR) that are giving rise to the emerging digital economy. Via the creative and disruptive effects of the NTR, the global economy is transforming from the 20<sup>th</sup> Century's **"old economy"** to the 21<sup>st</sup> Century's digital economy, commonly known as the **"new economy."** Today, the United States' economy is approximately 95% old (industrially-oriented) and 5% new (digitally-oriented) as a percent of GDP. However, the U.S. digital economy is growing at rates of 15% to 20% per year and is likely to be equal in size to the old economy by 2030. Global competition for digital economy dominance has already begun. Even though U.S. technology is at the heart of the NTR and the emerging digital economy, the United States is not as competitive as it should be considering our technical supremacy.

Industrial Revolution (IR) transformed America from an agricultural-based society to an industrial-based juggernaut. WWII and post-WWII Military Technology Revolution (MTR) underpinned the creation of the largest superpower on the planet. The 1980s Information Technology Revolution (ITR) ushered in an information age of prosperity and international commerce that made the United States an unequalled economic superpower. Today, the Network Technology Revolution (NTR) is transforming the global economy. Like the IR, MTR and ITR, the NTR could lead to the creation of millions of U.S. businesses and tens of millions of new American jobs, as well as countless economic and social benefits.

The Network Technology Revolution (NTR) is defined by Jobenomics as a "perfect storm" of next-generation network and digital technologies that will (1) transform economies, (2) revamp existing institutions, businesses, labor forces and governments, (3) institute new and different ideas, beliefs, behaviors and cultures, and (4) change the very nature of human endeavor and work.

The nascent NTR already has been brilliantly innovative and creatively disruptive. The more creative the NTR becomes the more destructive it will be. From an American outlook, with the proper focus and leadership, the NTR can create millions of new U.S. small business and tens of millions of jobs.

Left unattended, unstructured and unplanned, the NTR is likely to render half of the U.S. workforce obsolete in the near future. From a global perspective, the NTR can be even more transformational.

The power of the NTR should not be underestimated or understated. What took centuries to transform in the Agricultural Age and decades in the Industrial Age, now takes years to transform in the emerging Network Age. Computing power increased 400,000 fold since the advent of the first microprocessor in 1971. Today, half of the world's population carries a smartphone with the power of a 1980s room-size supercomputer. This super-colossal, miniaturized, proliferated and customized power is poised to transform society exponentially more via a perfect storm of over three dozen emerging, revolutionary NTR technologies, systems, processes and services.

Even in today's fledgling stage of development, the NTR's impact is extraordinary. At maturity, the NTR's future impact is likely to be somewhere between phenomenal and cataclysmic. Some of the world's leading technical thinkers (Steven Hawking, Bill Gates, Elon Musk) believe that the perfect storm of NTR technologies, systems, processes and services can potentially pose an "existential threat" to mankind when machines achieve the level of general human intelligence—the point of "singularity"—which could arrive as early as mid-Century.

The NTR is characterized by a "perfect storm" of dozens of highly advanced technologies, systems, processes and services including **big data** (datasets that are too large to efficiently handle), **cloud computing** (practice of using a network of remote servers hosted in data centers to store, manage, and process big data), **semantic webs** (thinking websites), **synthetic reality** (blending of the virtual and natural worlds), **mobile computing** (proliferation of smart mobile devices and micro-devices), **ubiquitous computing** (embedding microprocessors in everyday objects to communicate without human interaction), **quantum computing** (harnessing the power of atoms and molecules to perform memory and processing tasks), **5G broadband networks** (50-fold speed increases and 1000-fold data volume improvements), **geo-location** (the process of determining the location of an entity by means of digital information processed via the Internet), **near-field communications** and **beacons** (short-range wireless technology that connects devices), **inductive charging** (electromagnetic wireless charging of devices, micro-devices and nano-devices), **spatial sensing** (real-time detection, measuring, mapping and analysis of objects in relationship to the environment), **computer vision** and **pattern recognition** (training computers to gain high levels of understanding from digital images and videos and recognizing patterns and regularities in the data), **natural language processing** and **speech recognition** (the ability of a computer program, machine or intelligent agent to understand and respond to human speech), **data mining** and **predictive analysis** (using advanced algorithms to analyze large databases to make predictions about unknown future events), **machine learning** (systems that can learn and teach each other), **transfer learning** (machine "reasoning" that takes lessons learned from past human experiences and applies it digital domains), **deep learning** (an artificial intelligence technique allowing machines to extract patterns from big data in the same manner that the human brain does), **robotics** (automated machines capable of movement), **telepresence** and **telechairs** (operating machines remotely to sense and create an effect or control), **nanobotics** (also called nanomachines, nanoids, nanites and nanomites are microscopic self-propelled machines with a degree of autonomy and reproductive capability at the molecular level), **chatbots** (web robots that run automated tasks or simulate conversations with users), **mechatronics** (technology combining electronics and mechanical engineering), **memetics** (machines that can create



memes to mimic cultural traits and ideas), **biometrics** (agents that can identify and track biological traits), **smart cards** (credit card-like devices that can send and store personal and identifying material), **blockchains** (distributed digital economy public ledgers), **fintech** (financial technology oriented to transforming incumbent financial institutions and corporations), **multifactor credentialing** (automated authentication and identification of crowds, individuals and intelligent agents), **emotive surveillance and management** (systems that analyze and manage emotions), **identity management** (controlling user access and restoring damaged online identities), **anonymity networks** (networks that enable users to block or trace data and identities), **ambient intelligence** (when formerly dumb or mute objects are given the ability to communicate), **artificial intelligence** (or AI, intelligent algorithms and agents that will augment human interactions), and **intelligence agents** (AI agents that replace or supersede the need for human intervention and actions).

The NTR is also giving rise to a **Digital Economy** that is based on digital and networked technologies. From a Jobenomics perspective there are a dozen unique but intertwined economic communities within the Digital Economy. The **E/M Economy** consists of electronic and mobile commerce that is transforming economies, government, business and society via network and digital technology, systems, processes and services. The **Sharing Economy** is a new wave of peer-to-peer, access-driven businesses that are characterized by the ability of individuals to rent or borrow goods rather than buy and own them or to quickly fulfill consumer demand via the immediate provisioning of goods and services. **On-Demand Economy** is defined as commerce created by technology companies that fulfill consumer demand via the immediate provisioning of goods and services. The **App/Bot/AI Economy** refers to the range of economic activity surrounding intelligent web-based applications. **App** (applications) are the digital interface through which we live, work and play and the primary way we engage with media, brands and ultimately with each other. A **Bot**, also known as a web robot, an internet chatbot or simply bot, is an interactive, artificial intelligence-driven software application that runs automated tasks or simulates a conversation to deliver text-, voice- or video-based information to a user via a networked device. **App/Bot/AI Economy** (AI) is the intelligence exhibited by machines or software that is able to do things normally done by people. The **Platform Economy** encompasses NTR-enabled social, business and government activities. Currently the platform economy is defined by the major players in the industry such as Apple, Google, Facebook and other major network-centric corporations. A **Gig/Contingent Workforce Economy** is an environment in which temporary positions are common and organizations contract with independent workers for short-term engagements. A **Data-Driven Economy** involves accessing and exploiting information and knowledge contained in big-data pools to maximize operational efficiencies and reduce costs. The **Internet of Everything Economy** brings together people, process, data, and things to make networked connections more relevant and valuable than ever before—turning information into actions that create new capabilities, richer experiences, and unprecedented economic opportunity for nations, businesses and individuals.

The NTR will create or dismantle tens of millions of businesses and billions of jobs globally. Countries with a forward-looking national NTR strategy will garnish the bulk of the newly emerging digital jobs and businesses. There are 176 transformative NTR platform companies worldwide, each with a

market valuation of over \$1 billion, worth a total of \$4.3 trillion in 2016.<sup>53</sup> China and the United States dominate with 64 and 63 major platform companies respectfully. U.S. platform companies are foundational in terms of innovation and transformation. U.S. foundational platform companies created the innovative and disruptive digital platforms on top of which other firms develop complementary technologies, systems, processes and services.

To a large extent, China's platform companies are built on U.S. foundational platforms. However, unlike their U.S. counterparts, China's platform companies are applying NTR-related technology, systems, processes and services within a government-backed strategic framework to mass-produce small businesses and jobs in order to raise 700 million Chinese rural poor out of poverty. To a lesser extent, these types of strategies are being promulgated in many other parts of the world. From a Jobenomics perspective, U.S. policy-makers and platform-CEOs need to concentrate America's exceptional NTR abilities on developing a state-of-the-art, network-centric ecosystem that will enable Americans to become self-sufficient and competitive in the emerging global digital economy.

America is blessed to be the home of NTR platform giants like Apple, HP, Facebook, Google, CISCO, Amazon, Microsoft, eBay and dozens of other NTR companies. While U.S. NTR giants are making great technical advancements in communication, media and entertainment, foreign countries in Asia and Europe are using U.S. technology to develop their labor forces and economies to a much greater degree than in the United States. As corporate citizens, U.S. NTR companies need to assume a much greater role in developing their domestic workforce that is capable of competing and prospering in the emerging global digital economy. From a Jobenomics perspective, NTR CEOs should take the lead (i.e., the responsibility) for creating a minimum of 10 million net new U.S. jobs within the next decade via the creation of network-centric small, micro and self-employed American businesses.

If Apple used its energy to create NTR-optimized startup services, tens of millions of more Americans (and billions of people around the world) could be given the opportunity to build a business. If Facebook monetized social networks, tens of millions of new careers could be created. If CISCO would spend a small portion of time and effort developing the Internet of Business as compared to the Internet of Things, millions of new businesses could be created. The same is true of Amazon, Microsoft, Google, IBM, as well as the rest of the American NTR platform giants. Together, these companies could create untold numbers of new U.S. jobs and micro-businesses that would mitigate the erosion of the middle-class, provide new career paths for the digital generation, and create meaningful income opportunities and livelihoods for the evergrowing contingent workforce.

While the United States leads in the technological arena, America lags in other areas, due to laissez faire government strategic planning, regressive policies, onerous regulations that restrict small business growth as well as an "old economy" default position by policy-makers and decision-leaders. Tens of millions of American jobs can either be created or lost by 2030 depending on America's approach to mitigating the disruptive nature of the NTR and maximizing business and jobs creation

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<sup>53</sup> The Center for Global Enterprise, The Rise of the Platform Enterprise: A Global Survey, January 2016, [http://thecge.net/wp-content/uploads/2016/01/PDF-WEB-Platform-Survey\\_01\\_12.pdf](http://thecge.net/wp-content/uploads/2016/01/PDF-WEB-Platform-Survey_01_12.pdf)



prospects afforded by emerging NTR technologies, processes and systems in regard to the new economy.

In conclusion, with the proper focus and leadership, an American NTR national initiative can create millions of new small business and tens of millions of jobs. Left unattended, unstructured and unplanned, the NTR is likely to render half of the U.S. workforce obsolete in the near future. A national NTR and digital economy plan, led by the Trump Administration, is needed to maximize labor force gains and minimize labor force losses.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"President Trump's New Economy Plan?"** scheduled for release on 5 March 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*



## President Trump's New Economy Plan?

President Trump's New Economy Challenge: Part 9 of 20



**Keywords:** Presidential Transition, Donald Trump, Twitter, Trump Administration, 25 Million New Jobs, U.S. Labor Force, Contingent Workforce, Digital Economy, Web Economy, Internet Economy, Network-Centric Economy, New Economy, Economist, OECD, BDG, Statista, James McQuivey, Digital Disruption: Unleashing the Next Wave of Innovation, Tim Ferriss, The 4-Hour Workweek, Ryan Jenkins, Millennials, Gen Y, Screenagers, Gen Z, McKinsey Global Institute, International Monetary Fund, Wilbur Ross, Commerce

Secretary, Todd Ricketts, Deputy Commerce Secretary, Chicago Cubs, Economic Development, Workforce Development, Business Development

President Trump is a big digital media fan as evidenced by his prolific use of Twitter and his 20 million Twitter followers<sup>54</sup>. However, the emerging digital economy has not been mentioned during his campaign or during his first several months in office. Trump campaign's economist estimates that the Trump economic plan<sup>55</sup> would conservatively boost growth to 3.5% per year on average, well above the 2% currently projected by government forecasters, with the potential to reach a 4% growth rate resulting in a gain of 25 million new jobs over the next decade. It is difficult for Jobenomics to comprehend the rationale for these worthy, but optimistic, projections when the emerging digital economy, also known as the “**new economy**”, is not central to his plan. The emerging digital economy will create literally billions of jobs globally over the next several decades. It will also displace a substantial percentage of existing jobs. The new economy is the next really big thing that could be a marquee opportunity for the Trump Administration. Technology already exists to connect everyone in the world. Trump is a builder and has the wherewithal to lead and collaborate with the international community on a plethora of global initiatives (such as worldwide e-commerce system) that would greatly enhance the global economy and the American brand.

The digital economy (also known as the web economy, internet economy, network-centric economy, or simply **the new economy**) is an economy that is based on digital and networked technologies, which is increasingly intertwining and preempting today's traditional economy. In addition to NTR technologies, processes and systems, the digital economy consists of various components including government (policy and regulation), infrastructure (internet, networks, telecom and electricity), and providers (digital service, content, information and knowledge workers).

The digital economy provides a global network that allows individuals, organizations and governments to access information, interact, communicate, collaborate, and provide products and services. Digital products and services include a vast repository of digitized products (news, video, music, data, information, knowledge, etc.), financial transactions (e-government, e-business and e-commerce), social networking (ala Facebook, Twitter, Instagram, etc.), and networked physical goods

<sup>54</sup> Trackalytics, <http://www.trackalytics.com/twitter/followers/widget/realdonaldtrump/>

<sup>55</sup> Trump/Pence Website, <https://www.donaldjtrump.com/policies/economy>

(ala Internet of Things). To achieve maximum productivity, these components must operate efficiently and collectively.

### Traditional versus Digital Economy Orientation

|            | Traditional Economy Orientation | Digital Economy Orientation |
|------------|---------------------------------|-----------------------------|
| Technology | Analog                          | Digital                     |
|            | Industrial                      | Informational               |
|            | Tangible                        | Conceptual                  |
|            | Labor-Intensive                 | Knowledge-Intensive         |
| Governance | Centralized                     | Decentralized               |
|            | Ordered/Structured              | Collaborative/Freewheeling  |
|            | Hierarchical                    | Flat                        |
|            | Bureaucratic                    | Laissez-faire               |
| Business   | Conglomerated                   | Independent                 |
|            | Mass-Produced                   | Custom-Made                 |
|            | Long Timelines                  | Short Timelines             |
|            | Relationship-Focused            | Task-Focused                |
| Investment | Owned                           | Shared                      |
|            | Local                           | Global                      |
|            | Fiat Currencies                 | Digital Currencies          |
|            | Asset-Based                     | Derivatives-Based           |

The digital economy's orientation is significantly different than the traditional economy in terms of technology, governance, business and investment. As more and more digital and network technologies, processes and systems are incorporated into the digital economy these differences will become more profound.

- From a technological standpoint, digital, informational, conceptual and knowledge-intensive goods and services are supplanting analog, industrial, tangible and labor-intensive goods and services as a percentage of GDP.
- From a governance viewpoint, centralized, ordered, structured, hierarchical and bureaucratic structures are giving way to decentralized, collaborative, freewheeling, flat and laissez-faire structures.
- From a business perspective, conglomerated relationship-focused businesses with long-times and a mass-production orientation are switching to more independent task-oriented businesses that work with much shorter timelines and custom-made products and services.
- From an investment perspective, digital forms of ownership, payment systems, currencies and financial instruments are being implemented globally obscuring the boundaries of the traditional economy.

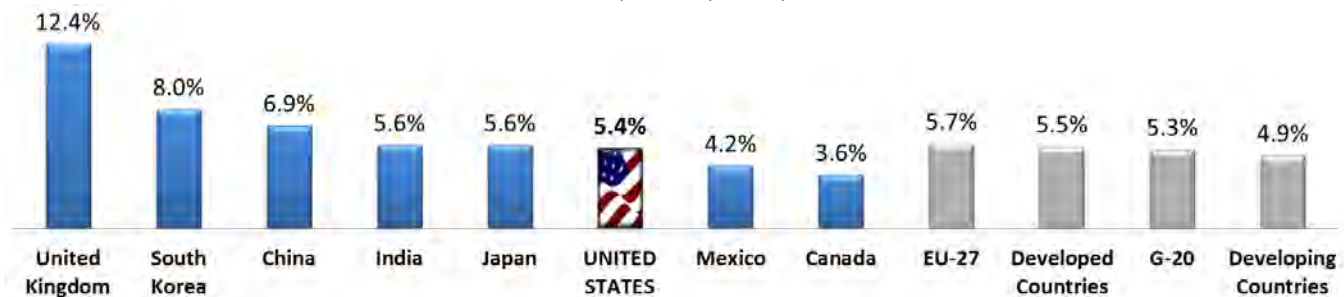
While the global digital economy is still in its infancy, it is growing fast, especially in Asia and Europe—regions that are outpacing the United States from a business and jobs creation perspective. Countries that have a strategic vision with a complementary investment strategy will reap digital dividends in the form of faster growth, more businesses (especially small businesses), plentiful jobs, higher income and better services. Countries that have a laissez faire approach to the digital economy will lose ground to those with strategic vision and common cause. In countries with a weak digital economy, netizens and citizens will succumb to a digital divide, increased inequality and



dissatisfaction. Governing institutions, both public and private, derive much of their legitimacy from economic growth and income opportunity. As compared to the traditional/standard/old/industrial economy, the emerging/nonstandard/new/digital economy will provide a significant amount of economic growth and income opportunity for its people.

## GDP Share of the Digital Economy in 2016

Source: Economist, OECD, BDG, Statista Data



As a percent of GDP, the United States lags Europe and Asia in terms of the emerging digital economy. Experts estimate that the U.S. digital economy is projected to be 5.4% of the total economy in 2016, compared to a world average of 5.5%. Many Asian and European nations are ahead of the United States and are projected to grow significantly faster than the U.S. in the near future. While the consensus view is that the digital economy accounts for about 5% of global GDP, its true value is likely to be four or five times that amount if one calculated the absolute value of enhancements to productivity and efficiencies to traditional businesses and consumers.

Experts disagree about the date when the digital economy will usurp today's traditional economy. Given the current rate of growth and the transformative effects of new NTR technologies, processes and systems, the digital economy could be the dominant element of many economies as early as 2025.

According to James McQuivey<sup>56</sup>, the bestselling author of "Digital Disruption: Unleashing the Next Wave of Innovation", as **compared to the traditional economy, a digital economy is at least one hundred times easier to create and has ten times the number of innovators that can innovate at one-tenth the cost.** In addition, digital startups are much faster than traditional startups, which is an exciting opportunity for those that can capitalize on the momentum of the emerging digital economy. As stated by Tim Ferriss<sup>57</sup>, bestselling author of the "The 4-Hour Workweek" and contingent workforce guru, "It is possible to become world-class, enter the top 5% of performers in the world, in almost any subject within 6 to 12 months, or even 6 to 12 weeks."

Jobenomics agrees with both of these authors and so does the majority of American Millennials (Gen Y aged 22 years old to 37) and Screenagers (Gen Z aged 21 years old and below), the next generation of U.S. workers.

<sup>56</sup> James McQuivey, <https://www.forrester.com/James-L.-McQuivey>

<sup>57</sup> Tim Ferriss, <http://fourhourworkweek.com/>

According to Ryan Jenkins<sup>58</sup>, a Millennial and Generation Z expert, 72% of surveyed Millennials (Gen Y) still at “regular” jobs want to quit within two years and be entirely independent and 72% of Screenagers (Gen Z) want to start their own business. While much of this is just wishful thinking, the digital economy just might provide many of these Millennials and Screenagers with the tools to makes their dreams come true. Conversely, the digital economy might be the only answer for many Millennials and Screenagers who may not fit in the corporate world or the traditional labor force. Integrating them into a baby-boomer culture is a big challenge for business since they have distinct expectations and timelines that are often incompatible with today’s career paths.

The disruptiveness of the digital economy will certainly generate a backlash from institutions grounded in the traditional economy. Legal and regulatory opposition from traditional businesses and government has started in earnest as evidenced by opposition forces against digital economy companies, like Uber and their contingent workforce drivers and Airbnb with their contingent workforce accommodation providers. Furthermore, citizens that lack digital access or skills are already turning to the government for assistance and support. The rise of the contingent workforce is also giving rise to government intervention, especially for low wage earners who are now voluntarily dropping out of the labor force at twice the rate of people entering the workforce.

America’s traditional workplace is in a state of transition from fixed desks, to hot desks, to mobile and home-based offices. While many people enjoy the flexibility offered by NTR-enabled mobile offices, many others miss the camaraderie of the traditional workplace.

Tomorrow’s workplace will likely be a tailorable mixture between mobile and fixed, work and play, and office and home.

- Digital will replace analog practices, including mundane pre-21<sup>st</sup> Century workplace practices like handwriting and arithmetic that are no longer required in many elementary schools.
- Digital and network technology will allow task-oriented work by remote teams that can rapidly form to accomplish a given task and quickly reform for subsequent tasks, whether or not it is for the same employer or other locations.
- Fewer people will be required in corporate workplaces. Head offices and traditional office life will be a shadow of their former selves.
- 9-to-5 will be replaced by 24/7, but with significant time breaks for a multiplicity of different endeavors.
- Centralized urban workplaces with fixed schedules will be replaced by decentralized rural workplaces with flexible schedules that can better accommodate professional and personnel needs.
- Digital assistants will be supplanted by artificial intelligence agents that will “work” side-by-side with humans. The combined machine/human worker is aptly called a “centaur.”

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<sup>58</sup> Ryan Jenkins, Next Generation Speaker, <http://www.ryan-jenkins.com/2015/02/05/7-emerging-millennial-and-generation-z-trends-for-2015/>

## MGI's 12 Technologies That Will Transform Life, Business and the Global Economy by 2025

Source: McKinsey Global Institute,

Disruptive Technologies: Advances That Will Transform Life, Business and the Global Economy

| Technologies   | Disruptive People and Products   | Disruptive Economic Impacts   |
|--|--|---|
| <b>Mobile Internet</b>                                 | 4.3 billion people remaining to be connected to the Internet and 1 billion new transaction and interaction workers (40% of global workforce) | \$1.7 trillion GDP related to the Internet and \$25 trillion interaction and transaction employment costs (70% of global employment cost) |
| <b>Automation of Knowledge Work</b>                    | 230+ million new knowledge workers (9% of global workforce) and 1.1 billion new smartphone users   | \$9+ trillion knowledge worker employment costs (27% of global employment costs)  |
| <b>The Internet of Things</b>                          | 1 trillion things that could be connected to the Internet  | \$36 trillion operating costs of key affected industries (manufacturing, healthcare, mining)  |
| <b>Cloud Technology</b>                                | 2 billion global users of cloud-based email services with 80% of North American institutions hosting critical applications on the cloud      | \$1.7 trillion GDP related to the Internet and \$3 trillion enterprise IT spending  |
| <b>Advanced Robotics</b>                               | 320 million manufacturing workers (12% of global workforce) and 250 million annual major surgeries   | \$6 trillion manufacturing worker employment costs (19% of global employment costs) and \$2–3 trillion costs of major surgeries           |
| <b>Autonomous &amp; Near-Autonomous Vehicles</b>       | 1 billion cars and trucks globally, and 450,000 civilian, military, and general aviation aircraft in the world                               | \$4 trillion automobile industry revenue and \$155 billion revenue from sales of civilian, military and general aviation aircraft         |
| <b>Next-generation genomics</b>                        | 26 million annual deaths from cancer, cardiovascular disease, or type 2 diabetes and 2.5 billion people employed in agriculture              | \$6.5 trillion global health-care costs and \$1.1 trillion global value of wheat, rice, maize, soy and barley                             |
| <b>Energy Storage</b>                                  | 1 billion cars and trucks globally and 1.2 billion people without access to electricity  | \$2.5 trillion revenue from global consumption of petroleum and \$100 billion electricity for households currently without access         |
| <b>3D Printing</b>                                     | 320 million manufacturing workers (12% of global workforce) and 8 billion annual number of toys manufactured globally                        | \$11 trillion global manufacturing GDP and \$85 billion revenue from global toy sales   |
| <b>Advanced Materials</b>                              | 7.6 million tons annual global silicon consumption and 45,000 metric tons annual global carbon fiber consumption                             | \$1.2 trillion revenue from global semiconductor sales and \$4 billion revenue from global carbon fiber sales                             |
| <b>Advanced Oil &amp; Gas Exploration and Recovery</b> | 22 billion barrels of oil equivalent in natural gas produced globally and 30 billion barrels of crude oil produced globally                  | \$800 billion revenue from global sales of natural gas and \$3.4 trillion revenue from global sales of crude oil                          |
| <b>Renewable Energy</b>                                | 21,000 TWh annual global electricity consumption and 13 billion tons annual CO2 emission reductions  | \$3.5 trillion value of global electricity consumption and \$80 billion value of global carbon market transactions                        |

**Global Economic Impact ≈ \$124 trillion**

The McKinsey Global Institute (MGI) <sup>59</sup> lists twelve disruptive NTR technologies that will affect billions of consumers and workers, and inject a hundred trillion of dollars of economic activity into the Digital Economy by 2025. <sup>60</sup> If all MGI's predictions are realized, the grand total economic impact of these disruptive technologies would be \$124 trillion which would be greater than the entire global nominal GDP \$86 trillion slightly less than \$138 trillion in GDP purchasing power parity as calculated by the International Monetary Fund's 2016 World Economic Outlook Database. <sup>61</sup>

The biggest challenge facing the new Trump Administration is how to mitigate the disruptive forces of the global digital economy and promulgate innovative ways to create mass-produced businesses and jobs that will sustain economic growth in the same manner as previous technology revolutions did in the past.

President Trump's pick for commerce secretary, Wilbur Ross will have his hands full charting a course through a highly dynamic global digital economy. Ross, a 79-year old investor and turnaround specialist, has amassed a personal fortune worth billions of dollars by turning around languishing industrial-based businesses. Secretary Ross will be assisted by another billionaire and turnaround artist, 47-year old Todd Ricketts, who will serve as Deputy Commerce Secretary. Ricketts and his family dramatically turned around the Chicago Cubs, which they bought out of bankruptcy for \$845 million in 2009, which they turned around to clinch the Cubs' first World Series Championship since 1908. Hopefully, Ross and Ricketts can turn their old economy skills to the new economy in a short order of time.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"The Trump Administration's Digital Elephant"** scheduled for release on 8 March 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*

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<sup>59</sup> James McQuivey, Digital Disruption: Unleashing the Next Wave of Innovation, Figure 1-1: Digital Disruption Creates One Hundred Times the Innovation Power, Page 11.

<sup>60</sup> McKinsey Global Institute, Disruptive Technologies: Advances That Will Transform Life, Business and the Global Economy, May 2013, <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/disruptive-technologies>

<sup>61</sup> International Monetary Fund, World Economic Outlook, April 2016, <https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx>

## The Trump Administration's Digital Elephant

President Trump's New Economy Challenge: Part 10 of 20



**Keywords:** Presidential Transition, Donald Trump, Trump Administration, Amazon, Jeff Bezos, Apple, Tim Cook, Oracle Safra Catz, Intel Brian Krzanich, Tesla Elon Musk, IBM Ginni Rommety, Facebook Sheryl Sandberg, Microsoft Satya Nadella, Alphabet, Google, Larry Page, Cisco, Chuck Robbins, Palantir, Alex Karp, Alibaba, Jack Ma, Jared Kushner, Electronic Commerce, E-Commerce, Mobile Commerce, M-Commerce, Sharing Economy, Apps Economy, Bot Economy, Bots, Artificial Intelligence, AI Economy, Platform Economy, Gig Economy, Contingent Workforce, Data-Driven Economy, Internet of Everything

President Trump's meetings with the likes of Amazon CEO Jeff Bezos, Apple CEO Tim Cook, Oracle CEO Safra Catz, Intel CEO Brian Krzanich, Tesla CEO Elon Musk, IBM CEO Ginni Rommety, Facebook COO Sheryl Sandberg, Microsoft CEO Satya Nadella, Alphabet (Google) CEO Larry Page, Cisco CEO Chuck Robbins, and Palantir CEO Alex Karp is a very positive first step to understanding the revolution in network and digital technologies that are giving rise to the emerging Digital Economy that has already begun to transform the U.S. economy. Jobenomics hopes that the appointment of Jared Kushner, a tech-savvy Millennial and President Trump's son-in-law, as a senior White House Advisor will be instrumental in leading the Administration's efforts with the digital economy and mobilizing American digital natives, the Millennial (Gen Y) and Screenage generations (Gen Z).

Using the parable of the Seven Blind Men and the Elephant as an analogy, the elephant is the Digital Economy and the seven economic communities define the different ways that these groups perceive the digital behemoth. Each of these seven digital communities must be integral to the Trump Administration's economic and job creation plan<sup>62</sup> to realize his promise of "Making America Great Again" economically. In the parable, each of the blind men argued that his perspective of the elephant was the right one. The man that touched the elephant's leg thought the elephant was like a tree. The one that touched the elephant's side thought it was akin to a wall. The other five blind men had other opinions. Eventually a wise man wandered by and explained that each blind man was correct but the ultimate truth could only be realized in their collective vision. The world sees the nascent digital economy through an opaque lens based on seven distinct and connected economic communities. Only time will tell which communities will grow. Some communities will merge. Others will disappear. However, the elephant most certainly will grow into a global behemoth that will transform society, nations, businesses and labor forces.

From a Jobenomics perspective there are at least seven unique but intertwined economic communities within the emerging digital economy: the E/M (electronic/mobile) Economy, Sharing Economy, App/Bot/AI (artificial intelligence) Economy, Platform Economy, Gig/Contingent Workforce Economy, Data-Driven Economy and Internet of Things (IoT) Economy.

<sup>62</sup> White House Website, <https://www.whitehouse.gov/bringing-back-jobs-and-growth>

**The E/M Economy** community views the digital economy through a consumption-based electronic-commerce/mobile-commerce lens. Electronic (E) and mobile (M) commerce is already transforming economies, government, business and society via network and digital technology, processes, systems and services. Today, online retail e-commerce sales alone exceed one-third of a trillion dollars in the United States<sup>63</sup> and two trillion globally<sup>64</sup>. By 2020, it is projected to be one-half trillion in the United States and four trillion globally.

E-commerce involves networking customers, suppliers and partners, including sales, marketing, order-taking, delivery, customer service, purchasing and procurement. E-business involves networking the entire business cycle from research and product development, knowledge management and human resources, finance, procurement, production, distribution, transportation, logistics, risk management, sales and marketing. E-commerce is primarily involved with online transactions like purchasing and shopping as well as free transactions like downloads and information exchange. E-business generally is inward-facing using emerging NTR technologies, processes and systems to enhance operations, while e-commerce is out-ward focused on customers and partners. E-commerce/e-business industries include business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer (C2C) and government to business/consumer (G2B and G2C).

M-commerce is the buying and selling of goods and services through wireless handheld devices such as mobile phones, pads, tablets and laptops. The explosion of mobile applications (apps) and ubiquitous mobile devices, especially in underdeveloped economies, has created an industry that will eclipse United States e-commerce by 2017. M-health (a subset of e-health, involves the practice of medicine and public health supported by mobile devices. While U.S. m-health is growing in popularity, the field is revolutionizing healthcare in low-income communities and nations. Other high growth m-applications include games, music, entertainment, sports, lifestyle, education, transportation, utilities and lifestyle.

The **Sharing/On-Demand Economy** is a new wave of peer-to-peer, access-driven businesses that are characterized by the ability of individuals to rent or borrow goods rather than buy and own them or to quickly fulfill consumer demand via the immediate provisioning of goods and services. A significant trend in the new economy involves sharing underutilized or idle assets via mobile devices, redefining the value of ownership and upending major industries like transportation, accommodation and logistics. Today, 44% of all Americans have participated in the sharing economy<sup>65</sup> from ride-sharing, accommodation-sharing, services-sharing and food goods delivery services. The Millennial generation has already moved from participation in to dependence on the Sharing/On-Demand Economy.

The Sharing/On-Demand Economy is a new wave of peer-to-peer, access-driven businesses that are characterized by the ability of individuals to share (goods, knowledge, money, time, skills, content, etc.) rather than buy or own, or fulfill consumer demand via the immediate provisioning of goods and services. In sharing, the trend is towards usage, as opposed to possession, of underused or idle

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<sup>63</sup> Statista, <https://www.statista.com/statistics/272391/us-retail-e-commerce-sales-forecast/>

<sup>64</sup> Statista, <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>

<sup>65</sup> Time, <http://time.com/4169532/sharing-economy-poll/>



assets. In many incidents these assets, tangible and intangible, are free. For example, Wikipedia, Google, Facebook, LinkedIn, Instagram and Dropbox all contribute freely to sharing. In the case of companies like Uber and Airbnb, the idle assets are available for rent. Consumers and entrepreneurs will be the greatest beneficiaries of the sharing economy. Such peer-to-peer sharing concepts can provide additional income for owners, while providing cheaper alternatives to consumers. For consumers, the sharing provides cheaper goods and services by quickly satisfying consumer needs via internet-connected applications.

The Sharing/On-Demand Economy is expected to grow over time. PwC estimates that the five main sharing/on-demand sectors (peer-to-peer financing, online staffing, peer-to-peer accommodation, car sharing and music video sharing) have the potential to increase global revenues from around \$15 billion to \$335 billion by 2025. According to the PwC study<sup>66</sup>, 44% of U.S. consumers are familiar with the tenets of a sharing/on-demand economy, 19% have already engaged in a sharing/on-demand economy transaction as a consumer, and 7% as a provider of sharing services or products. Among US adults familiar with the sharing economy, 86% agree that the sharing economy makes life more affordable and 78% think that it builds a stronger community. Of those consumers (from 18 years old to those 65 and older) who have tried the sharing/on-demand economy, the vast majority intends to continue participating in these transactions, and, more importantly, are “re-thinking the value of ownership” with 81% stating that it is less expensive to share than own and 43% agreeing that owning today is burdensome.

With major business successes, like Uber and Airbnb, the Sharing/On-Demand Economy is much more than a fad or trend. It is an emergent ecosystem that is upending mature business models across the globe. If successful, the Sharing/On-Demand Economy is likely to usher in a transformation as significant as the personal computer did when it was introduced in the 1990s.

**The App/Bot/AI Economy** community’s broad view emphasizes automation of daily mundane tasks via smart algorithms and artificial intelligence agents that reduce the need for human intervention and increase leisure time for more productive pursuits.

The App (application) Economy refers to the range of economic activity surrounding applications. An app is a type of software that allows you to perform specific tasks. Applications for desktop or laptop computers are called desktop applications, while those for mobile devices are called mobile apps. A Bot, also known as a web robot, an internet chatbot or simply bot, is an interactive, artificial intelligence-driven software application that runs automated tasks or simulates a conversation to deliver text-, voice- or video-based information to a user via a networked device. Artificial intelligence (AI) is the intelligence exhibited by machines or software that is able to do things normally done by people.

*The App Economy.* Apps are the digital interface through which we live, work and play and the primary way we engage with media, brands and ultimately with each other. According to App Annie, a global analytics services and market intelligence firm with over 500,000 registered members,

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<sup>66</sup> PwC, The Sharing Economy, Consumer Intelligence Series, <http://www.pwc.com/us/en/industry/entertainment-media/publications/consumer-intelligence-series/assets/pwc-cis-sharing-economy.pdf>

forecasts that global app revenue will double from \$51 billion 2016 to over \$101 billion by 2020 driven by third world growth and greater first world wallet share. Global mobile app downloads will also double to 284 billion in 2020. Games generated about 85% of app market revenue in 2015 but will decrease to 74% by 2020 due to growing popularity of subscription-based apps, such as music streaming, video streaming and online dating.

Today, the global app industry has grown to over 4 billion mobile applications. Most digital applications are available free or at a nominal cost on U.S. app stores including 2.2 million on Google Play and 2.0 million on the Apple App store. 74% of all mobile apps are developed in America (82% by U.S. startups and small businesses of which 82% are outside Silicon Valley). However, a few lucky startups, like Instagram, Snapchat, WhatsApp and Maze, went from \$0 to over \$1 billion within one to six years with fewer than 100 employees.

*The Bot Economy.* Many experts believe that the App Economy will give way to a Bot Economy. The most well-known bot is Apple's Siri that was introduced to the American public in 2011, followed by Google's Google Now in 2012, Amazon's Echo (aka Alexa) in 2014, Microsoft's Cortana and Xiaoice in 2014, Facebook's M in 2015, and Microsoft's Tay in 2016. Each generation has become progressively smarter, engaging and more widely used. The newest bots not only research and deliver information but are designed to be a companion, or friend, that offers friendly advice or casual conversations.

While American chatbot use is somewhat limited, largely due to content and cultural issues, Chinese use has grown exponentially. Microsoft's very successful Xiaoice (pronounced Shao-ice) Chinese chatbot has 40 million users and has even joined China's Dragon TV morning news as a weather "girl". To date, Xiaoice has conducted more than 10 billion conversations with humans, most of them about private matters. The Bot Economy has unlimited potential if chatbots can mature to the point of being practical, friendly and trustworthy—there are billions of lonely people who would love to have a companion that would help them with daily tasks as well as emotional issues. Conversation-as-a-Service may be the next big thing.

*The Artificial Intelligence (AI) Economy.* Given the limitations of human beings to rapidly develop hypotheses to assess and act on large amounts of big data, AI-enabled machines and AI software agents will be used to generate hypotheses and provide solutions from zettabyte pools of complex data. Via an AI technique known as deep learning, AI agents are already being used to power internet search engines, translate languages, block spam, write reports, detect fraud, recognize voices and identify individuals out of large crowds.

AI-enabled machines are replacing workers on factory floors as well as soldiers and airmen on the battle field. Recent studies suggest that up to half of the U.S. labor force could be replaced by automation by 2030. Routine cognitive and manual jobs are most at risk, whereas jobs with non-routine cognitive and manual skills will become more valuable. Whether super-intelligent AI-enabled machines or AI agents will eventually eliminate the need for human labor is now hotly debated. Technical experts forecast that AI machines and agents will reach the point of singularity (equal to humans) as early as mid-century and will rapidly advance to super-intelligent soon thereafter, which will upend workforces as well as society. Historians and economists are more optimistic and argue that, based on previous technology revolutions, new high-skilled jobs will be created and that society will adjust to new norms and potentially a much higher quality of life.

Regardless of who is correct, AI and the other NTR-related technologies will be brilliantly creative and creatively destructive. A landmark study by Bank of America Merrill Lynch forecasts that by 2025 AI

and smart machines will have annual disruptive impact of \$14-\$33 trillion, including \$8-\$9 trillion of cost reductions across manufacturing and healthcare, \$9 trillion cuts in employment costs via AI-enabled automation of knowledge work and \$1.9 trillion in efficiency gains via autonomous cars and drones.

**The Platform Economy** community sees the digital economy from a network platform business model where mega-corporations exploit network effects to garnish greater and greater degrees of influence and control of major segments of society and the global economy.

A Platform Economy is dependent on the value of “network effect” of people using the platform as opposed to the value of a single user or owner. The more people who use a digitally networked platform, the more valuable the platform becomes to each user. Increased value creates a bandwagon effect that facilitates a positive feedback loop encouraging progressively greater and greater numbers of people to join the platform’s ecosystem. Due the NTR, tens of thousands of platform ecosystems exist across the planet. Collectively, they comprise the global platform economy.

According to research<sup>67</sup> by The Center for Global Enterprise, there are 176 major (over \$1 billion annual revenue) platform companies worldwide, each with their own ecosystem or group of interconnected entities. The market valuation of these 176 companies totals \$4.3 trillion. Asia is home of 82 companies, followed by the United States with 63 companies, Europe with 27 companies and the rest of the world with 5 companies. Due to their global reach and access to 3.4 billion internet users, today’s platform owners are far more powerful and formidable than yesteryear’s biggest industry tycoons.

According to Accenture<sup>68</sup>, “The Platform Economy is considered one of the biggest transformations for business since the Industrial Revolution. It’s a bold claim, but the speed and scale with which today’s platform businesses have developed really only hint at the profound economic shifts that lie ahead....For most businesses—whether they are “born-digital” or have an industrial heritage stretching back over many decades—the opportunities for new growth and development are unprecedented.”

The platform economy, or digital platform economy, encompasses NTR-enabled social, business and government activities. The industrial revolution was organized around factories. The information revolution focused on computers. In the network technology revolution, platforms are king. Google and Baidu started out as search platforms. Facebook gained fame as a digital social media platform. Amazon, eBay and Alibaba began as e-commerce platforms. PayPal and Taobao commenced as digital financial platforms. Airbnb, Uber, Lyft and Didi launched as digital hail-riding platforms. Today, they also provide infrastructure on which other platforms are built. Global leaders in all

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<sup>67</sup> The Center for Global Enterprise, The Rise of the Platform Enterprise: A Global Survey, January 2016, [http://thecge.net/wp-content/uploads/2016/01/PDF-WEB-Platform-Survey\\_01\\_12.pdf](http://thecge.net/wp-content/uploads/2016/01/PDF-WEB-Platform-Survey_01_12.pdf)

<sup>68</sup> Accenture, Accenture Technology Vision 2016, [https://www.accenture.com/t20160314T114936\\_\\_w\\_\\_/us-en/\\_acnmedia/Accenture/Omobono/TechnologyVision/pdf/IT-Tech-Trends-Technology-Vision-Exec-Summary-2016.pdf#zoom=50](https://www.accenture.com/t20160314T114936__w__/us-en/_acnmedia/Accenture/Omobono/TechnologyVision/pdf/IT-Tech-Trends-Technology-Vision-Exec-Summary-2016.pdf#zoom=50)

industries are now creating adaptable, scalable, and interconnected platforms that underpin their future success in the digital economy.

**The Gig/Contingent Workforce Economy** community's focus is on creating an employment landscape that provides opportunities for workers in the future economy where part-time and temporary workers outnumber full-time workers with standard workforce agreements.

A Gig/Contingent Workforce Economy is an environment in which temporary positions are common and organizations contract with independent workers for short-term engagements. The trend toward a gig/contingent workforce is well underway. America's labor force is in a state of transition from a standard full-time work force to a contingent workforce that consists of part-time, temporary, contract labor, independent contractors, consultants and free-lancers.

A short time ago, a "gig" was a term largely used by musicians for a part-time job, a single engagement of short or uncertain duration. Today, due to uncertain economic conditions and the influence of the revolution in digital and network technology, 40% of all Americans make their living working gigs rather than a full-time job. Most gig-livers are contingent workers who are dependent on temporary, uncertain or conditional employment.

By 2030, or sooner, Jobenomics forecasts that the contingent workforce will be the dominant form of labor in the United States based on seven factors: (1) increasing labor force losses versus labor force gains, (2) adverse corporate hiring and employment practices, (3) revolution in energy and network technologies, (4) automation of manual and cognitive jobs, (5) impact of the emerging digital economy, (6) shift from full-time, to part-time and task-oriented labor, and (7) cultural differences of new labor force entrants.

**The Data-Driven Economy** community's mindset involves the exploitation of storage, search, capture, query, transfer, sharing, visualization and analysis of zettabytes of Big Data as a way to create a new digital economy.

A Data-Driven Economy involves storage, search, capture, query, transfer, sharing, visualization and analysis of zettabytes of Big Data. To compete in the digital world characterized by clouds containing zettabytes of data, enterprises must be able access pertinent data and provide as much information, knowledge and wisdom as possible using NTR tools to drive high-value business and societal outcomes.

In a Data-Driven Economy, enterprises will succeed or fail based on how well they leverage data to: improve operational efficiencies; make better decisions, customize products and services to customer and client needs, automate business processes, increase productivity, manage risk, provide security, protect privacy and intellectual capital, and form collaborative and innovative partnerships. Industries, governments, nations, regions and international coalitions will operate and function (either collectively or independently) via the intelligent use and sharing of data to optimize entire operational and sociological environments.

The Data-Driven Economy is not constrained by traditional borders nor measured by traditional import/export metrics. Data is difficult to quantify in dollars but is nonetheless of significant value. Data-driven economies and enterprises can create global markets and user groups across borders. Small business and emerging markets are growing at exponential rates. According to the McKinsey Global Institute<sup>69</sup>, while flows of goods and finance have lost momentum, used cross-border bandwidth has grown 45-times larger from 2005 to 2016, and is projected to grow by another nine times in the next five years as digital flows of commerce, information, searches, video, communication, and intracompany traffic continue to surge.

Supporting and accelerating from the traditional economy to a data-driven economy is a high priority for many nations. For example, the European Commission recently outlined a new strategy for a Big Data/data-driven economy that will stimulate research and innovation on data while leading to more business opportunities and an increased availability of knowledge and capital, in particular for small and medium-sized enterprises, across Europe. According to the Commission, Big Data (data processing) technology and services are expected to grow seven-times faster than other ICT (information and communications technology) markets.<sup>70</sup>

A Data-Driven Economy derives its greatest benefit on how data is used to enhance operations in vertical industries, such as healthcare and transportation, and horizontal industries, such as marketing and advertising. However, micro-businesses may be the biggest beneficiaries of the Data-Driven Economy. “Small businesses worldwide are becoming “micro-multinationals” by using digital platforms such as eBay, Amazon, Facebook, and Alibaba to connect with customers and suppliers in other countries. Even the smallest enterprises can be born global: 86% of tech-based startups we surveyed report some type of cross-border activity. The ability of small businesses to reach new markets supports economic growth everywhere,” according to McKinsey Global Institute.

**The Internet of Things (IoT) Economy** community looks at the digital ecosystem from the perspective that tens of billions of connected things exert significantly more worldly influence than the billions of connected people.

Today’s Internet of Things (IoT) mantra is morphing into an Internet of Everything (IoE) state of mind increasingly binding more and more things to things, things to people and people to people. The IoE will make many of the familiar devices and objects in our lives readily Internet-connected, smart phone-accessible and responsive in a world where more things are connected to the Internet than people. The IoT includes environmental “things” for monitoring weather, transportation things for traffic and energy usage, appliance things for intelligent electronics, manufacturing and logistics things, advanced health and medical things, as well as thousands of other things that will transform virtually every field of endeavor.

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<sup>69</sup> McKinsey Global Institute, Digital Globalization: The New Era Of Global Flows, March 2016, <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital-globalization-the-new-era-of-global-flows>

<sup>70</sup> European Commission, Digital Single Market, Digital Economy & Society, Towards a thriving data-driven economy, <https://ec.europa.eu/digital-single-market/en/towards-thriving-data-driven-economy>



Cisco defines the IoT as bringing together people, process, data, and things to make networked connections more relevant and valuable than ever before—turning information into actions that create new capabilities, richer experiences, and unprecedented economic opportunity for nations, businesses and individuals. The number of devices in the Internet of Things is projected to reach 500 billion by 2030, up from 15 billion in 2015, which equates to more than six devices for every person on earth. The IoT is significant because an object that can represent itself digitally becomes something greater than the object by itself. The McKinsey Global Institute forecasts the maximum potential economic value of the IoT at \$11.1 trillion per year by 2025.<sup>71</sup>

Stay tuned for the next installment in the President Trump’s New Economy Challenge series entitled, **“President Trump’s Biggest Chinese Fan”** scheduled for release on 11 March 2017.

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<sup>71</sup> The McKinsey Global Institute, The Internet Of Things: Mapping The Value Beyond The Hype, June 2015, file:///C:/Users/CHUCK/Downloads/Unlocking\_the\_potential\_of\_the\_Internet\_of\_Things\_Full\_report.pdf



## President Trump's Biggest Chinese Fan

President Trump's New Economy Challenge: Part 11 of 20



**Keywords:** *Presidential Transition, Donald Trump, Trump Administration, 25 Million New Jobs, Jack Ma, Alibaba, Ant Financial, Taobao, Tmall, E-Commerce, U.S. Labor Force, U.S. Exports, Contingent Workforce, Digital Economy, China, Premier Li, G20's SME Development Taskforce, Micro Business, Electronic World Trade Platform, eWTP, Amazon*

President Trump wants to create 25 million new jobs over 10 years. He can't do it himself. The private sector has to step up. So far, a handful of U.S. manufacturing companies have stepped up offering to reshore or retain tens of thousands of American jobs. One company really stands out among all others and it is not even a U.S. company. Nor is it a manufacturing company. It is Alibaba. Started as a Chinese home-based business in 1999 by Jack Ma, a former English teacher, Alibaba's rise has been historic. Alibaba, one of the world's largest e-commerce conglomerates, credits its meteoric rise to America. Now, Jack wants to give back to his American friends. Two weeks before President Trump's inauguration, Jack traveled to New York City to chat with President-elect Trump. To President Trump's surprise, the meeting ended with Ma volunteering to create 1 million U.S. small business jobs<sup>72</sup> over 5 years by expanding Alibaba's e-commerce operation focused on exporting American agriculture and manufactured products to Asia from the American Midwest. Sceptics see Jack's gesture as a gambit to compete with the likes of Amazon. Jobenomics believes otherwise. Ma Yun, Jack's Chinese name, is by all accounts is a unique and extraordinary global citizen. The world needs more Jack Ma's. So does the Trump Administration.

Started in 1999 by Jack Ma<sup>73</sup>, a former Chinese English teacher in Hangzhou, Alibaba's rise has been historic. Today, Alibaba Group's<sup>74</sup> twin pillars the Amazon-like Taobao/Tmall online shopping sites and PayPal-like Alipay online payment system. Alibaba reported a gross merchandise volume of online sale at \$485 billion in FY 2016, which is higher than \$482 billion of revenues reported by Walmart in its fiscal year 2016. 330 million people made purchases on Alibaba sites last year, spending an average of \$1,200. Alipay is now the world's largest with 400 million registered users compared to 188 million for PayPal. Alibaba is also aggressively expanding into e-business related R&D, search, cloud computing, smartphones, finance, crowd funding, private equity, news, messaging, online music, television, motion pictures and sports.

According to Jack Ma, Alibaba was founded "to **champion small businesses**, in the belief that the Internet would level the playing field by enabling small enterprises to leverage innovation and technology to grow and compete more effectively in the domestic and global economies." Alibaba's vision to champion small business creation via the NTR will facilitate prosperity and employment

<sup>72</sup> CNBC, <http://www.cnbc.com/2017/01/09/alibaba-to-discuss-expansion-plans-with-trump-company-aims-to-create-1-million-us-jobs-over-the-next-5-years.html>

<sup>73</sup> Forbes, <http://www.forbes.com/profile/jack-ma/>

<sup>74</sup> Alibaba Group, <http://www.alibabagroup.com/en/global/home>

growth to a far greater extent than Google, Microsoft, CISCO, Facebook, IBM or Apple's narrower product and services-oriented mission/value statements. Ma's strategic vision fits within China's strategic framework to become the world's leading economic power. Founder Jack Ma committed Alibaba to create 100 million global micro-entrepreneur jobs in 2010s via the emerging digital economy—he is well on his way to accomplishing this goal in China.<sup>75</sup>

Jack Ma is also the leading advocate for international e-trade focused on small and medium-sized businesses worldwide. As Chair of the G20's SME Development Taskforce<sup>76</sup>, Jack Ma pioneered the concept of an Electronic World Trade Platform (eWTP) that would reduce the threshold effect, faced by small and medium-sized businesses to participate in cross-border e-trade, also known as cross border electronic commerce. The problems many small and medium-sized businesses face today in e-trade include limited access to markets, export opportunities, trade finance, and regulatory requirements. As envisioned by Ma, the eWTP would be a duty-free and tax-free global free trade zone for small business engaged in e-commerce.

Alibaba's global leadership has been largely underwritten by Americans, starting with U.S. developed NTR technology, processes and systems and major investment by Yahoo and Wall Street's largest (\$22 billion) initial public offering ever at \$68 per share. Despite China's recent economic downturn and Alibaba's aggressive horizontal and global expansion expenditures that dropped Alibaba's stock price to \$57 per share in August 2015, rebounded by 74% in August 2016 to \$99 per share. Most analysts maintain their bullish views on Alibaba Group's future. Jobenomics agrees and believes that Alibaba has positioned itself well to respond to China's economic downturn and China's strategic financial needs—building a viable middle class and transitioning China from a physical to a digital economy. Alibaba sales increase indicates an increase in domestic consumption that is vital to Chinese economic growth. To a large extent, China's economic future depends on the success of Alibaba and other NTR-centric Chinese conglomerates. The same is true for the United States in regard to companies like Amazon, other leading NTR-centric American corporations and emerging enterprises.

China's phenomenal double-digit economic growth has been overwhelmingly manufacturing and urban centric. In order to keep growing, the Chinese government is now pursuing an e-commerce strategy for rural economic development with emphasis on provincial micro-business creation. Chinese companies like, Alibaba and JD.com, are central to this e-commerce strategy. Even with China's economic downturn, Chinese online consumption grew 33% in 2015, compared to U.S. online sales growth of 15%. The top 500 largest online retailers serving the Chinese e-tailing marketplace grew by an astonishing 57% in 2015. The top 500 is represented by approximately 400 Chinese companies, 50 American companies and 50 other international companies. The growth rate of the 50 American e-tailing companies in China was 24% compared to 71% for the Chinese counterparts.<sup>77</sup>

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<sup>75</sup> NING, 100millionjobscrisis, Video, 23 November 2009, <http://yunusasia.ning.com/video/100millionjobcrisis-1>

<sup>76</sup> The G20 consists of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Republic of Korea, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union (EU).

<sup>77</sup> Internet Retailer 2016 China 500, 2016 China 500 Executive Report, <https://www.internetretailer.com/shop/2016-china-500-executive-report.html>

American growth was due to popular U.S. iconic products, like iPhones, which are increasingly being replaced by higher quality Chinese products and knockoffs.

Alibaba's phenomenal growth was due largely to urban (Shanghai, Beijing, Tianjin, Guangzhou, etc.) customer loyalty programs, aligning e-commerce to social and entertainment networks, and the creation and financing of approximately 10 million new Chinese microbusinesses. By investing in the rural population, which is roughly the same size as the 700 million-strong urban population or twice the size of the entire U.S. population of 320 million, Alibaba hopes to develop a huge new customer loyalty base that has been previously shutout of China's economic miracle. Alibaba has been aggressively reinvesting its capital reserves in developing a rural e-commerce platform and acquiring peripheral companies and technology to augment this platform. Alibaba is investing \$2 billion in training locals, providing free computers, arranging startup financing, and establishing a logistical supply chain to connect 100,000 villages to its e-commerce platform by 2018.

With its revolutionary business model, Alibaba's Ant Financial<sup>78</sup> has grown to a \$60-billion company in just three years and is set to revolutionize the world of finance, with emphasis on rural China. Officially known as Zhejiang Ant Small & Micro Financial Services Group, Ant Financial has its own financial network, money market fund (Yu'eobao) and a credit scoring system with 400 million active users. Just as the name "ant" implies, Ant Financial focuses on the little guy. Most of the active users are poor people who are not rich enough to meet minimum bank deposit standards or invest in the stock market. In addition, Ant Financial loans are aimed at helping over 100 million Chinese micro businesses, with emphasis on impoverished rural communities.<sup>79</sup>

In July 2016, Alibaba's Ant Financial and the Microfinance Management arm of China's Foundation for Poverty Alleviation concluded an agreement to jointly help lift people out of poverty with the aid of the internet and blockchains<sup>80</sup> to more than 300 national and provincial counties by 2020. Donors on Alibaba's "Ant Love" charity platform will be able to track transaction histories and gain a clearer understanding of how their donations are used.

In times past, the regime in Beijing would have been skeptical of Alibaba's grand plan of building millions of microbusinesses at the base of China's economic pyramid, but times are different now. The regime knows that domestic household consumption (36% in China compared to 69% in the United States<sup>81</sup>) must increase significantly in order to please the masses and allow the new Chinese digital economy to grow without dependency on the rest of the world as is the case with today's manufacturing-oriented economy.

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<sup>78</sup> Ant Financial Group, [https://www.antgroup.com/index.htm?locale=en\\_US](https://www.antgroup.com/index.htm?locale=en_US)

<sup>79</sup> Cheung Kong Graduate School of Business Knowledge Center (Beijing), Will Ant Financial Become Wildly Successful Like Taobao?, 24 May 2016, [http://knowledge.ckgsb.edu.cn/2016/05/24/internet-finance/will-ant-financial-become-wildly-successful-like-taobao/?utm\\_campaign=shareaholic&utm\\_medium=email\\_this&utm\\_source=email](http://knowledge.ckgsb.edu.cn/2016/05/24/internet-finance/will-ant-financial-become-wildly-successful-like-taobao/?utm_campaign=shareaholic&utm_medium=email_this&utm_source=email)

<sup>80</sup> Coindesk, Blockchain Startup Circle Raises \$60 Million Amid China Expansion, 23 June 2016, <http://www.coindesk.com/circle-china-60million-series-d/>, and 31 Chinese Firms Form Financial Blockchain Consortium, 24 June 2016, <http://www.coindesk.com/financial-blockchain-shenzhen-consortium-launch/>

<sup>81</sup> The World Bank, Household final consumption expenditure, etc. (% of GDP), retrieved August 2015, <http://data.worldbank.org/indicator/NE.CON.PETC.ZS>

Beijing also knows that its large private sector businesses can create small businesses faster and better than the government can. In June 2015, Premier Li publicly stated that the central government is supporting (via tax breaks, underwriting small business loans, and cutting red tape) “migrant workers, college graduates and army veterans who wish to return to their rural hometowns to start new businesses, part of a national campaign to boost entrepreneurship and employment.” The Chinese government is also supporting e-commerce companies, like Alibaba, to set up “consumption finance” firms and offering these companies equal access to public services (social insurance, housing, education and healthcare) in order to encourage netizens to seek new careers or start microbusinesses in rural regions.<sup>82</sup>

Stay tuned for the next installment in the President Trump’s New Economy Challenge series entitled, **“Will President Xi Trump President Trump?”** scheduled for release on 14 March 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement’s goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*

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<sup>82</sup> Xinhua News Agency, Xinhuanet, China supports entrepreneurship in rural areas, 10 June 2015, [http://news.xinhuanet.com/english/2015-06/10/c\\_134315560.htm](http://news.xinhuanet.com/english/2015-06/10/c_134315560.htm)

## Can President Xi Trump President Trump?

President Trump's New Economy Challenge: Part 12 of 20



**Keywords:** *Presidential Transition, Donald Trump, President Xi Jinping, 25 Million New Jobs, U.S. Labor Force, Contingent Workforce, Digital Economy, Jack Ma, Alibaba, Tencent, Baidu, XiaoMi, JD.com, E-Commerce, U.S. Labor Force, China, Internet Technology Revolution, Network Technology Revolution, James McQuivey, China Five Year Plan, Tim Cook, Apple, Uber, Didi, WeChat, Facebook, McKinsey & Company, Bloomberg, CBInsights*

The Trump Administration has been rather silent regarding the emerging digital economy that will be dominated by contingent workers especially in the realm of electronic and mobile commerce. On the other hand, the Trump Administration is vociferous on the Chinese threat to the U.S. economy and the American labor force. A central theme of the new Administration is that the Chinese manufacturing miracle of raising 400 million urban poor out of poverty came at the expense of the American worker. While true, the Trump Administration may be better serviced by focusing on China's new quest to raise 700 million rural poor out poverty via the emerging digital economy as opposed to their manufacturing prowess. China's quest for global digital supremacy is simply breathtaking. The \$100 trillion digital economic question is will China (under the President Xi Administration) trump the United States (under the President Trump Administration) for global digital supremacy? Jobenomics contends that today China's digital economy vision and public-private partnerships are more mature and competitive than the United States' business-as-usual approach. Jobenomics also contends that the Trump Administration has the right team to make the United States competitive in both the old industrial-based and new digital-based economies.

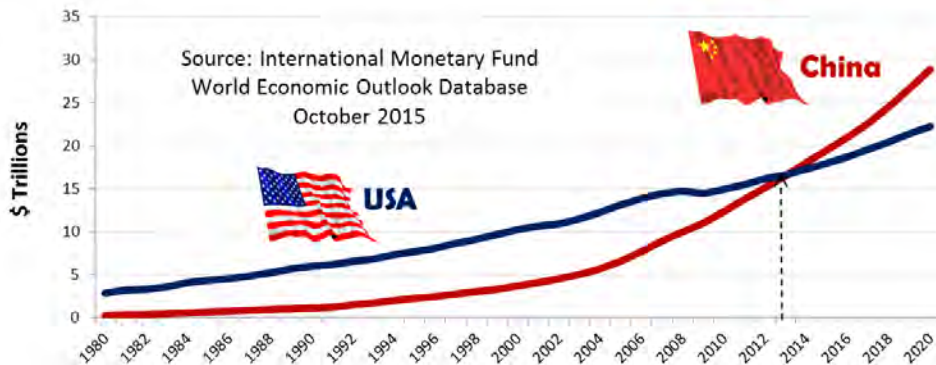
While the Internet Technology Revolution (ITR) of the 1980/90s and the emerging Network Technology Revolution (NTR) originated in America, these technology revolutions are no longer unique to the United States. The Network Technology Revolution (NTR) is defined by Jobenomics as the "perfect storm" of next-generation network and digital technologies that will (1) transform economies, (2) revamp existing institutions, businesses, labor forces and governments, (3) institute new and different ideas, beliefs, behaviors and cultures, and (4) change the very nature of human endeavor and work.

China represents the greatest U.S. near-peer competitor for NTR global dominance with emphasis on mastering the emerging digital economy in order to elevate hundreds of millions of rural poor from poverty. China's transition from a physical (mainly manufacturing) economy to a digital economy is both rapid and impressive.

According to President Xi's opening address of the 2016 G20 Summit in Hangzhou, China, "Modernizing a big country with a population of more than 1.3 billion is an endeavor never

undertaken in the history of mankind....turning China into the world's second biggest economy, the biggest trader of goods and the third largest direct overseas investor.”<sup>83</sup>

## Gross Domestic Product Based on Purchasing Power Parity



Based largely on China's manufacturing and employment miracle, China recently overtook the United States in GDP purchasing power parity (i.e., relative value of the U.S. dollar compared to the Chinese yuan) to become the world's most powerful economy. While China has reached parity with the United States in GDP purchasing power parity, it still is a developing country with a GDP per capita of only \$8,280 (\$14,189 based on GDP purchasing power parity) compared to \$55,904 for the United States in 2015.<sup>84</sup>

According to McKinsey & Company<sup>85</sup>, the explosive growth of China's emerging middle class is not over yet. By 2022, McKinsey estimates that more than 75% of China's urban consumers will earn middle-class wages from \$9,000 to \$34,000 a year—up from only 4% in year 2000. In purchasing-power-parity terms, this wage range is between the average income of Brazil and Italy.

As the Chinese have proven, small business creation provides for income opportunity and wealth creation for many hundreds of million people. Over the last two decades, the Chinese have been able to lift 700 million people out of poverty. However, this is the past. The future is not so certain. President Xi agrees and stated in his G20 opening remarks that China has reached a “deep water zone where tough challenges must be met.” The manufacturing miracle that has lifted so many people out of poverty is replete with challenges including overcapacity, pollution, debt, inefficient state-owned enterprises and a middle-income trap.

A slowing international global economy, lower exports, increasing competition and protectionism exacerbate the challenge to economic reform. According to Xi, China has reached a new historical

<sup>83</sup> Centre for Research on Globalization, China's President Xi Jinping's Opening Address of G20 Summit: A New Blueprint for Global Economic Growth China's President Xi Jinping's Opening Address of G20 Summit: A New Blueprint for Global Economic Growth, 4 September 2016, <http://www.globalresearch.ca/chinas-president-xi-jinpings-opening-address-of-g20-summit-a-new-blueprint-for-global-economic-growth/5543895>

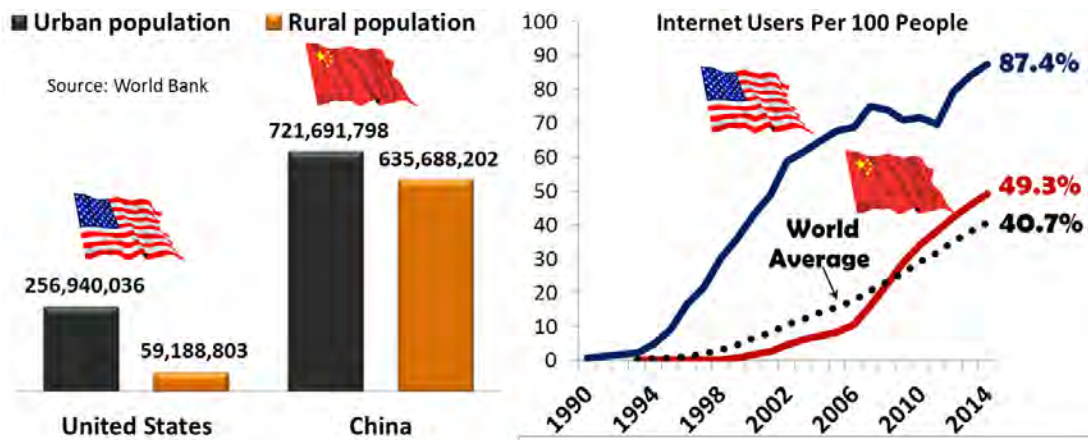
<sup>84</sup> International Monetary Fund, , World Economic Outlook Database, October 2015, <http://www.imf.org/external/pubs/ft/weo/2015/02/weodata/weoselgr.aspx>

<sup>85</sup> McKinsey & Company, Mapping China's middle class, June 2013, [http://www.mckinsey.com/insights/consumer\\_and\\_retail/mapping\\_chinas\\_middle\\_class](http://www.mckinsey.com/insights/consumer_and_retail/mapping_chinas_middle_class)



starting point, a new normal, which requires China to both reform and foster new drivers of economic and social development. As part of China Five Year Plan, the guiding principle for China's economic future, as articulated by Xi, is termed "supply-side economic reform." Unlike the Reaganomics free market definition of supply-side economics, the Chinese version calls for more central planning of the economy and changing the Chinese economy's growth drivers, growth model and economic structure to a digital age innovation-driven development strategy. As stated by Xi, "the combination of the virtual (digital) economy and the real economy will bring revolutionary changes to our way of work and way of life."

## China's Strategic Challenge



From a Network Technology Revolution perspective, China's strategic challenge is balancing income disparities between the rural poor and increasingly affluent urban middle-class. Today, China has over 635 million people in rural areas compared to 59 million in the United States. Providing internet services to rural communities is more of a challenge than metropolitan areas with more resources and better infrastructure.

While making significant progress over the last decade, China's percentage of internet users (49.3%) is only slightly better than the world average (40.7%) and significantly below the United States (87.4%). Of the 649 million Chinese internet users, 86% (557 million) accessed the internet by phone.<sup>86</sup> Undaunted by these limitations, China is assiduously exploiting the Network Technology Revolution not only to overcome domestic inequities but to become a world-class model for the rest of the world, including the United States that has comparable challenges in balancing inequalities between rich/poor and urban/rural American communities.

China's strategic framework can best be characterized by Chinese Premier Li's March 2015 address when he urged the Chinese people to "ignite the innovative drive of hundreds of millions of people." According to the Hong Kong Economic Journal, the oldest and preeminent Chinese business newspaper, Premier Li was referring mainly to the "new China" that is driven by China's online revolution (aka the Network Technology Revolution).<sup>87</sup>

<sup>86</sup> The World Bank, Data, Internet users (per 100 people), <http://data.worldbank.org/indicator/IT.NET.USER.P2>

<sup>87</sup> Hong Kong Economic Journal (ejinsight), How China is replicating Silicon Valley on a grand scale, 24 July 2015, <http://www.ejinsight.com/20150724-how-china-is-replicating-silicon-valley-on-a-grand-scale/>, also reported by

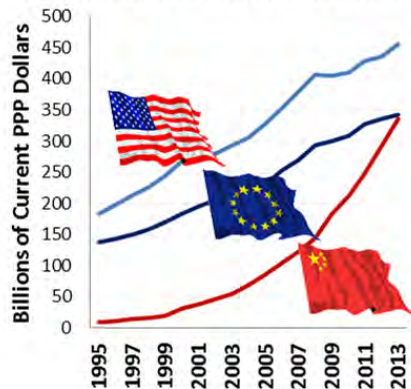


As a result of central government planning, municipalities across China have designated 129 special high-tech zones that have been approved by the State Council and are equipped with the latest NTR technologies, processes and systems to enable mass production of innovative and entrepreneurial startups. The United States has four analogous high-tech hubs in San Francisco (Silicon Valley), New York City, Boston and Seattle.

## Chinese R&D and S&T Growth


### Gross Domestic Expenditures on R&D

Source: U.S. National Science Foundation



### China's Science & Technology Development Statistics

Source: National Bureau of Statistics of China (NBS)

|  | 2000    | 2015      | △     |
|--|---------|-----------|-------|
|  <b>R&amp;D Personnel</b><br>(Many years) | 922,000 | 3,933,000 | 327%  |
| <b>Technical Market Transaction Value</b><br>(100 million yuan)  | 651     | 9,835     | 1411% |
| <b>Expenditures on R&amp;D</b><br>(100 million yuan)   | 896     | 14,220    | 1487% |
| <b>Science &amp; Technology Patents</b><br>(Number Granted)  | 105,345 | 1,718,200 | 1531% |

According to statistics from both the U.S. National Science Foundation and the Chinese National Bureau of Statistics (NBS), the growth of Chinese technology has exploded over the last several decades.<sup>88 89</sup> This growth is likely to continue unabated with more and more R&D and S&T focused on the Network Technology Revolution and related e-commerce and service industries. According to China's Administration for Industry and Commerce, in 2015, China created over 4.4 million new companies, a 22% gain over the previous year, of which 78% were service industry startups.<sup>90</sup> China's service industries now account for about half of China's GDP value added by industry, whereas manufacturing equates to about one-third value added, according to the NBS.

China has 1.4 billion citizens compared to America's 320 million. Both countries have approximately 20 million students enrolled in higher education. However, China's higher education growth rate has been explosive—up from 1.4% in 1978 to 20% in 2015<sup>91</sup>—and is likely to continue expanding at current rates with a state-driven, high-technology curriculum emphasis. According to U.S. National Science Foundation, China is the world's number-one producer of undergraduates with degrees in

Bloomberg Business, China Wants Silicon Valley's Everywhere, 23 July 2015,

<http://www.bloomberg.com/news/articles/2015-07-23/china-wants-silicon-valleys-everywhere>

<sup>88</sup> U.S. National Science Foundation, National Science Board, Science & Engineering Indicators 2016,

<http://www.nsf.gov/statistics/2016/nsb20161/#/>

<sup>89</sup> National Bureau of Statistics of China (NBS), Statistics on Science and Technology Development,

<http://data.stats.gov.cn/english/tablequery.htm?code=AB0304>

<sup>90</sup> China Administration for Industry and Commerce, 14 January 2016, <http://www.cicn.com.cn/zggsb/2016-01/14/cms81467article.shtml>

<sup>91</sup> China Education Center, <http://www.chinaeducenter.com/en/cedu.php>

science and engineering (49% of all Chinese bachelor's degrees compared to 33% in the United States).<sup>92</sup>

Chinese students now make up 31% of all international college students at U.S. universities, according to data from the Institute of International Education. In the 2013/2014 school year, 304,040 Chinese students studied in the U.S., an increase of 10.8% from the previous year and a five-fold increase over the previous decade. In the 2013/2014 school year, 13,763 U.S. students studied in China, a decrease of 4.5% from the previous year. Fields of study for international students in America are Business & Management (20%), Engineering (20%), Math & Computer Science (12%) and Intensive English (5%)—fields necessary to compete in the global digital economy. Approximately two-thirds are enrolled in undergraduate programs and one-third in post-graduate programs.<sup>93</sup>

Digital toolsets and intellectual capital are largely free for the taking. According to James McQuivey, Vice President at Forrester Research and the leading analyst tracking the development of digital disruption, China has a well-trained, motivated and entrepreneurial labor force that has access to technologies, distribution partners, supply chains and physical infrastructure that “China didn’t have to pay for because the rest of the world had already seen fit to create them.”<sup>94</sup>

China’s state-driven economic masters are skilled at one-way transactions. If a company wants to do business in China, intellectual capital transfer is part of doing business. For example, in order for Boeing to sell airplanes in China, it is required to manufacture significant portions of the airframe in China along with providing the intellectual capital to do so. The same is true in the digital economy. However, Chinese e-commerce sights are largely closed to imported products and services, but wide open to exported Chinese products and services.

Many major U.S. corporations are now voluntarily training Chinese how to compete in the global digital economy. For example, Tim Cook, Apple’s CEO, has visited China a half-dozen times since he took over for Steve Jobs (who never visited China) in 2011. In 2016, Cook visited China twice and announced that Apple will build its first Asia-Pacific research and development center in the country, largely to boost its flagging iPhone Chinese sales. Sales in Greater China, once touted as Apple's next growth engine, decreased by a third in mid-2016, after having more than doubled a year earlier. Apple is also translating its hardware operating language (iOS) into Mandarin Chinese to make it easier for 850 million native Mandarin speakers to build iOS apps and compete in the highly lucrative app market that is currently dominated by American app developers.

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<sup>92</sup> U.S. National Science Foundation, National Science Board Science & Engineering Indicators 2016, <https://www.nsf.gov/statistics/2016/nsb20161/#/>, <http://www.nsf.gov/statistics/2016/nsb20161/#/report/chapter-4/cross-national-comparisons-of-r-d-performance>

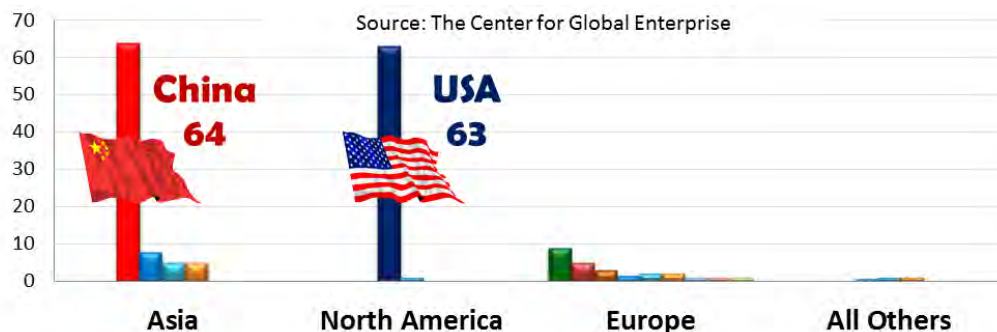
<sup>93</sup> Institute of International Education (IIE) with support from the U.S. Department of State’s Bureau of Educational and Cultural Affairs, Open Door Data, retrieved 8 September 2016, <http://www.iie.org/Research-and-Publications/Open-Doors/Data/International-Students/Leading-Places-of-Origin#.V9F-9vkrJQI>

<sup>94</sup> James McQuivey, Digital Disruption: Unleashing the Next Wave of Innovation, Figure 1-1: Digital Disruption Creates One Hundred Times the Innovation Power, Page 11.

Running any kind of social network in China, especially as a foreign company, is extremely formidable business proposition. Chinese e-commerce companies are advantaged by anti-competition Western policies, like the government's Great Firewall, the main instrument to achieve internet censorship in China, Chinese media bias, public support of things made in China and the lack of understanding on Chinese cultural norms. WeChat serves as an excellent example. WeChat is China's leading messaging app, created and produced by Tencent, dwarfs Facebook's WhatsApp, the world's leading messaging app with 900 million active user, that is freely available in China. WeChat has over 700 million monthly users, contains features (voice, browsing, games, purchase and pay online, send money, manage credit card bills, check news, book appointments or hail a cab) that are tailored to Chinese users and accounts for more than one-third of all the time spent online by Chinese mobile users, which will be very difficult and expensive for Facebook to offer in China. More importantly, WeChat is an example of an innovative multi-application provider of interest to Western companies, like Facebook, Google and Microsoft, which are interested in WeChat as an overall mobile operating system as opposed to a mere messaging application.

According to Reuters, to further curry favor with Beijing, in May 2016, Apple announced an investment of \$1 billion on a ride-hailing application made by Didi Chuxing, a Chinese transportation network company headquartered in Beijing and major competitor to American-based Uber in China. In July 2016, Uber decided to pull the plug in China and merged with Didi Chuxing.

## Major Network Platform Companies 2016



According to The Center for Global Enterprise (CGE), an international nonprofit research institution, there are 176 platform companies worldwide, each with a market valuation of over \$1 billion, worth a total of \$4.3 trillion in 2016. Asia is the home of 82 companies with a market value of \$930 billion, followed by North America with 64 companies valued at \$3,123 billion, Europe with 27 companies valued at \$181 billion and the rest of the world with 4 companies valued at \$69 billion.<sup>95</sup>

China and the United States dominate the worldwide network platform business with 64 and 63 major companies respectfully. China's platform companies include major integrated platform conglomerates (Alibaba, Tencent, Baidu and XiaoMi) and scores of smaller transactional companies (e-tailing, e-commerce, entertainment, etc.). U.S. major companies (Apple, Google, Microsoft, Amazon, Facebook and a dozen others) are currently much larger and have a greater global reach.

<sup>95</sup> The Center for Global Enterprise, The Rise of the Platform Enterprise: A Global Survey, January 2016, [http://thecge.net/wp-content/uploads/2016/01/PDF-WEB-Platform-Survey\\_01\\_12.pdf](http://thecge.net/wp-content/uploads/2016/01/PDF-WEB-Platform-Survey_01_12.pdf)

The U.S. platform companies are not only integrated and transactional, but are also foundational in terms of innovation and investment. An innovation platform is a technology, product or service that serves as a foundation on top of which other firms develop complementary technologies, products or services. To a large extent, China's platform companies have been built on U.S. foundational platforms. However, China's platform companies are becoming more integrated and innovative at a breathtaking pace within a government-backed strategic framework that is being implemented across China.

American companies are currently the NTR world leaders. However, this is changing. Chinese companies (like Tencent, a social media company; Alibaba and JD.com e-commerce companies; Baidu, a search company; Renren, a social networking service; Xiaomi, the leading Chinese smartphone manufacturer; and NetEase, an online services company) are rapidly assuming global NTR leadership in their respective domains.

China's strategic vision also includes private sector business investment as part of a national Public Private Partnership (PPP) initiative to develop China's infrastructure. According to the World Bank from 2010 through 2014, gross domestic investment in fixed assets (plants, machinery, equipment and infrastructure) in China was 48% of GDP compared to 19% in the United States. China's gross fixed capital formation has been spectacular, up over tenfold (\$409 billion in 2000 to \$4.6 trillion in 2014 versus comparable U.S. expenditures of \$2.4 trillion in 2000 to \$3.5 trillion in 2014) since the turn of the century.<sup>96</sup>

The bulk of "private sector" investments were from state-owned banks that account for more than 20% of China's fixed asset investment. Investments from private firms have dropped from a high of 35% in 2006 to 2% as of 2016 in fixed assets as calculated by a percentage increase from a year earlier.<sup>97</sup> While China's private investment firms are weary of major physical fixed asset schemes, they are very interested in financing digital infrastructure initiatives from broadband to e-commerce to small and micro business development PPPs.

In regard to the small and micro business PPP investment strategy, the Vice Chairman Zhou of the China Banking and Regulatory Commission recently stated that "commercial banks must utilize the government's current policy to further support their financial services to micro and small businesses." Furthermore, Zhou stated that the CBRC had a high tolerance for non-performing micro and small business loans (currently 3% to 4%) since these businesses are essential to Chinese domestic economic growth. As of May 2014, micro and small business loans were \$3.5 trillion (up 17% from a year earlier) compared to U.S. small business loans of \$0.6 trillion.<sup>98 99</sup>

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<sup>96</sup> The World Bank, Gross fixed capital formation (current US\$), China, <http://data.worldbank.org/indicator/NE.GDI.FTOT.CD?locations=CN>

<sup>97</sup> The Economist, A sponge wrung dry, 17 September 2016, <http://www.economist.com/news/finance-and-economics/21707192-chinas-private-investors-keep-their-hands-their-pockets-sponge-wrung-dry>

<sup>98</sup> Reuters, China pushes for more small business lending despite bad loans rising, 8 May 2015, <http://www.reuters.com/article/2015/05/08/us-china-economy-idUSKBN0NT00320150508>

Chinese investment capital does not only come from the quasi-private sector but also from the Chinese central government itself as part of an effort to spur entrepreneurship and stimulate a flagging economy. According to Bloomberg data, over the last two years the Chinese central government has opened 1,600 high-tech incubators for startups backed by a \$340 billion government-guided venture capital fund that comes from tax revenue and state-backed loans. In addition to the central government fund, each of the 23 provinces, 4 municipalities (Beijing, Tianjin, Shanghai, Chongqing) and 5 autonomous regions are creating their own venture capital funds. For example, Hubei Province in Central China raised \$30 billion of their \$150 billion goal.<sup>100</sup>

Chinese investment capital is also being effectively used in American NTR-related startups, like Snapchat and Lyft. According to CBInsights<sup>101</sup>, a U.S. datamining company, 2015 saw more than 140 deals including \$1B+ financings with Chinese investor participation into SoFi, Uber, and AirBnB. As of May 2016, 40 deals were struck with American tech startups with Chinese investor participation. Since 2010, California took 280 tech startup Chinese investment deals and New York agreed to 40 deals. The most active Chinese NTR conglomerates included Tencent and Alibaba. In 2016, the rate of Chinese investment appears to be slowing to approximately 100 deals as projected by CBInsights. The mostly likely reason for this slowdown is due to increased Chinese investment in Chinese NTR-related firms that are integral to the emerging Chinese digital economy.

The bottom line is that the competition for global digital supremacy has begun. The United States and China are running neck-to-neck. However, China is beginning to pull ahead due to a more mature public-private partnership approach. President Trump's pre-inauguration meeting with U.S. and Chinese (Jack Ma) tech-leaders will help him formulate the U.S. game plan to compete effectively.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"Automated Trump Workforce?"** scheduled for release on 17 March 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*

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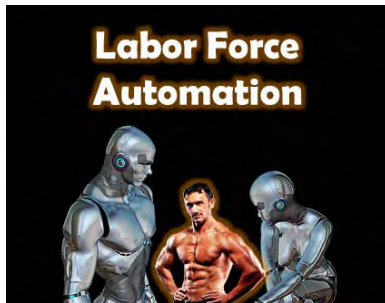
<sup>99</sup> U.S. Small Business Association, Small Business Lending in the United States 2013 (Published December 2014), Table B. Value of Small Business Loans Outstanding by Loan Type and Size through June 2014, <https://www.sba.gov/sites/default/files/2013-Small-Business-Lending-Study.pdf>

<sup>100</sup> Bloomberg Technology, Inside China's Historic \$338 Billion Tech Startup Experiment, 8 March 2016, <http://www.bloomberg.com/news/articles/2016-03-08/china-state-backed-venture-funds-tripled-to-338-billion-in-2015>

<sup>101</sup> CBInsights, The Rise Of Chinese Investors Into US Tech Companies, 19 May 2016, <https://www.cbinsights.com/blog/chinese-investment-us-tech-startups/>

## Accelerating Workforce Automation

President Trump's New Economy Challenge: Part 13 of 20



**Keywords:** *Presidential Transition, Donald Trump, Trump Administration, 25 Million New Jobs, Job Losses, U.S. Labor Force, U.S. Economy, Contingent Workforce, Part-time Workers, Digital Economy, Citi Global Perspectives & Solutions, Oxford University, Network Technology Revolution, Information Technology, Automation, McKinsey Global Institute, Federal Reserve Bank, Job Polarization, OECD, China, Workforce Development, Economic Development, Business Development*

The Network Technology Revolution (NTR) <sup>102</sup> is defined by Jobenomics as the “perfect storm” of next-generation network and digital technologies that will (1) transform economies, (2) revamp existing institutions, businesses, labor forces and governments, (3) institute new and different ideas, beliefs, behaviors and cultures, and (4) change the very nature of human endeavor and work. While the NTR can create tens of millions of American jobs, it can also obsolete tens of millions of American jobs via automation that has already being accomplished to a much greater degree than most people realize. Unfortunately, this major economic and labor force issue has not been part of election season rhetoric from either political party, or clearly articulated by the Trump Administration.

The NTR is not today's version of the 1980/90s Information Technology Revolution (ITR) 2.0. While both the ITR and NTR incorporate revolutionary technology, the NTR portends to be significantly more intrusive than its earlier and more benign ITR cousin. ITR tools were designed to **assist** mankind's productivity via rule-based computation of routine-tasks. NTR agents are designed not only to augment, but also **replace** human endeavor via automation of non-routine tasks. As stated earlier, the NTR represents a perfect storm of technologies that emulates human form, attributes and intelligence. Not only does the NTR have the ability to create tens of millions of net new American jobs, it has the ability to eliminate tens of millions of American jobs via automation.

As skilled labor becomes less available or too costly, employers are turning to automation in order to augment, displace or replace the traditional workforce. While automation has been replacing routine manual labor tasks for decades, as evidenced by factory floor robotics, emerging NTR technologies, systems, processes and services are replacing non-routine cognitive tasks, skills, jobs and occupations at greater and greater rates.

By 2025, automated algorithms and smart machines could take on tasks equivalent to 140 million knowledge workers, equating to a global economic impact/savings of up to \$6.7 trillion annually. Knowledge work automation is possible by only three of the three dozen NTR technologies: increased

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<sup>102</sup> Jobenomics Network Technology Revolution Report, <http://jobenomicsblog.com/network-technology-revolution/>



computer processing speeds and memory, machine learning and enhanced machine/human interfaces (such as speech recognition and other forms of biometric readers).<sup>103</sup>

### U.S. Occupations Subject To Computerization

Source: Oxford University, *The Future of Employment: How Susceptible Are Jobs To Computerization?*

**0% = not computerizable, 100% = fully computerizable**

| Probability of Computerization | Sample U.S. Occupations (from 702 Occupations)   |
|--------------------------------|--|
| <b>0% to 9%</b>                | Executives, supervisors, doctors, therapists, scientists, engineers, designers, lawyers, clergy, teachers, instructors, trainers, advisors, social workers   |
| <b>10% to 20%</b>              | Chefs/cooks, chemists, technicians, hairdressers, air traffic controllers, pilots, firefighters, electricians, physician assistants  |
| <b>20% to 29%</b>              | Middle managers, computer occupations, analysts, concierges, engineering technicians, sales representatives, middle school teachers  |
| <b>30% to 39%</b>              | Actors, medical assistants, investigators, editors, flight attendants, bailiffs, surveyors, interpreters/translators, upholsterers, plumbers   |
| <b>40% to 49%</b>              | Judges, health and medical technicians, law clerks, electronic repairers, economists, historians, computer programmers, dispatchers  |
| <b>50% to 59%</b>              | Court reporters, product promoters, leather workers, commercial pilots, teacher assistants, cost estimators, transit police, personal financial advisors   |
| <b>60% to 69%</b>              | Jailers, meat packers, ticket agents, pipe layers, building inspectors, stock clerks, librarians, janitors, bus drivers, mail carriers, dental hygienists  |
| <b>70% to 79%</b>              | Airfield operators, laundry workers, carpenters, broadcast technicians, archivists, painters, bartenders, machine & computer operators   |
| <b>80% to 89%</b>              | Attendants, bellhops, cashiers, tool makers, security guards, meter readers, power plant operators, drillers, conservation workers, real estate agents, construction laborers, cartographers, bakers, stonemasons, technical writers   |
| <b>90% to 100%</b>             | Inspectors, appraisers, bookies, tour guides, station operators, pharmacy technicians, insurance sales agents, retail sales, butchers, accountants, auditors, waiters, welders, messengers, paralegals, assemblers, clerks, receptionists, gaming dealers, cashiers, real estate brokers, tellers, umpires/referees, loan officers, tax preparers, underwriters, telemarketers |

According to a 2013 Oxford University study on computer automation “about 47% of total U.S. employment is at risk over the next two decades.”<sup>104</sup> If Oxford’s estimates are correct, out of the 151 million U.S. workers, 71 million jobs could be at risk. It is incumbent on policy-makers, decision-leaders and NTR CEOs to plan now to mitigate this risk to the greatest degree possible.

<sup>103</sup> McKinsey Global Institute, *Disruptive Technologies: Advances that will transform life, business, and the global economy*, Page 40, May 2013,

[https://www.sommetinter.coop/sites/default/files/etude/files/report\\_mckinsey\\_technology\\_0.pdf](https://www.sommetinter.coop/sites/default/files/etude/files/report_mckinsey_technology_0.pdf)

<sup>104</sup> Oxford University, *The Future of Employment: How Susceptible Are Jobs To Computerization?*, 17 Sep 2013, [http://www.oxfordmartin.ox.ac.uk/downloads/academic/The\\_Future\\_of\\_Employment.pdf](http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf)



The Oxford University study regarding the effects of computer automation on the American labor force is the first major effort to quantify what recent technological advances may mean for future employment and the labor force. Oxford analyzed 702 occupations from the U.S. Department of Labor. This Jobenomics chart above, derived from Oxford data, shows the probability of computerization of 100 occupations arranged from 0% (not computerizable) to 100% (fully computerizable).

A job is considered to be “exposed to automation” or “automatable” if the tasks it entails allows the work to be performed by a computer, even if a job is not actually automated. For example, technology has progressed to the point where secretarial and cashier jobs can be automated, but corporations and retail stores still employ approximately 6 million administrative assistants and cashiers in the United States.

The NTR’s impact will be felt across all industries that will become less labor intensive as NTR technologies, systems, processes and services are assimilated, which is happening at greater rates causing large swaths of the U.S. labor force to become less competitive against their mechanical and digital counterparts. A McKinsey Global Institute (MGI) report that showed the 44% of U.S. firms that reduced headcount during the Great Recession did so via automation.<sup>105</sup> In the future, contingent workers will likely provide machines with the wherewithal to replace a substantial percentage of the human labor force with cheaper and more efficient mechanical forms of labor.

The Oxford study also acknowledges that political and sociological forces will likely restrict many of these jobs from actually being computerized. Historical objections to automation of factory floor manual labor eventually gave way to free-market forces. At the dawn of the Industrial Revolution (England 1811-16), Luddites tried to organize and destroy factory automation to preserve standard jobs. Today’s Luddites maybe able to slow down the rate of transformation but the economics of automation will eventually defeat techno-pessimists who are resistant to disruptive technologies and change.

In cooperation with Citi Global Perspectives & Solutions, Oxford University conducted two subsequent studies in 2015 and 2016 that addressed computer automation in greater detail.<sup>106&107</sup>

The February 2015 Oxford/Citi study reaffirmed the 2013 study probability that 47% of the US labor force is at a high risk of automation. It also assigned the probability that 33% of the U.S. workforce is at a low risk of automation (namely the jobs that are highly creative and require social and cultural skills) and the remaining 20% at a medium risk of automation.

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<sup>105</sup> McKinsey Global Institute, An economy that works: Job creation and America’s future, June 2011, <http://www.mckinsey.com/global-themes/employment-and-growth/an-economy-that-works-for-us-job-creation>

<sup>106</sup> Oxford Martin School and Citi Global Perspectives & Solutions, Technology At Work: The Future of Innovation and Employment, February 2015, [http://www.oxfordmartin.ox.ac.uk/downloads/reports/Citi\\_GPS\\_Technology\\_Work.pdf](http://www.oxfordmartin.ox.ac.uk/downloads/reports/Citi_GPS_Technology_Work.pdf)

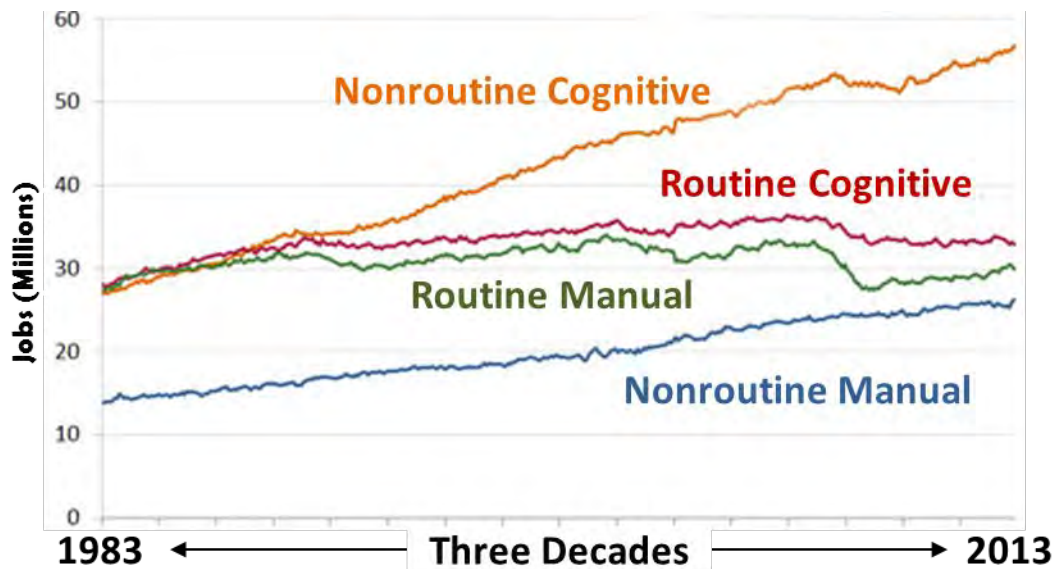
<sup>107</sup> Oxford Martin School and Citi Global Perspectives & Solutions, Technology At Work v2.0: The Future Is Not What It Used to Be, January 2016, [http://www.oxfordmartin.ox.ac.uk/downloads/reports/Citi\\_GPS\\_Technology\\_Work\\_2.pdf](http://www.oxfordmartin.ox.ac.uk/downloads/reports/Citi_GPS_Technology_Work_2.pdf)

According to a 2015 study, “the dominant narrative now characterizing how global labor markets are responding to technological change is one of job polarization: the fact that employment growth has been most robust at the highest and lowest ends of the skills spectrum. The middle skill jobs, in contrast, contain the highest concentration of routine tasks and are thus relatively easy to automate.”

According to a Federal Reserve Bank of St. Louis analysis, the U.S. labor force is undergoing “job polarization” with declining middle-skill cognitive and manual routine jobs compared to increasing higher-skill cognitive and manual nonroutine jobs as shown.<sup>108</sup> The Fed believes that the most likely drivers of job polarization are automation and offshoring, as both of these forces lower the demand for middle-skill occupations relative to high-skill occupations. Jobenomics includes the rising contingent workforce as a major factor as standard full-time work is replaced by temporary part-time and task-oriented work.

## U.S. Employment by Type of Work

Source: Federal Reserve Bank of St. Louis, Census Bureau Current Population Survey



According to a report published by the U.S. Federal Reserve Bank of Kansas City, job polarization is a primary cause for the vanishing American middle-class. Per the Fed’s report, “Over the past three decades, the share of middle-skill jobs in the United States has fallen sharply. Middle-skill jobs are those in which workers primarily perform routine tasks that are procedural and repetitive. The decline in the employment share of middle skill jobs has been associated with a number of sweeping changes affecting the economy, including **advancement of technology**, outsourcing of jobs overseas, and contractions that have occurred in manufacturing. As the share of middle-skill jobs has shrunk, the share of high-skill jobs has grown, and that trend has drawn considerable attention. Less well known is the fact that the share of low-skill jobs has also risen. This employment phenomenon where

<sup>108</sup> Federal Reserve Bank of St. Louis, Jobs Involving Routine Tasks Aren't Growing, 4 January 2016, <https://www.stlouisfed.org/on-the-economy/2016/january/jobs-involving-routine-tasks-arent-growing>

job opportunities have shifted away from middle-skill jobs toward high- and low-skill jobs is called 'job polarization'.<sup>109</sup>

From a Jobenomics perspective, low-skill jobs are the easiest to automate, whereas medium-skilled jobs are the easiest to bifurcate into task-oriented work that can be performed by a combination of humans and machines. While the NTR is creating new positions for high-skilled workers, it is causing increased competition for medium and low-skilled workers who are increasingly being replaced by artificially intelligent algorithms and machines. Increased competition causes workers to accept lower wage jobs or forcing medium and low-skill workers into the contingent workforce or out of the labor force entirely. As discussed in detail in the Jobenomics Unemployment Analysis, the number of able-bodied adults that voluntarily have departed the U.S. labor force has grown from 68 million to 95 million citizens over the last seventeen years, and the number of people working part-time or in other "non-employee" contingent jobs is now 40% of the employed workforce.

The major reason for concern regarding computer automation and other NTR-related technologies is that these advancements benefit the few rather than the many. While NTR has produced remarkable achievements like the iPhone, Google, eBay, Facebook, Skype and a myriad of other advancements in genome and autonomous systems, median wages have stagnated in about half of all OECD countries since 2000. Unlike 19<sup>th</sup> Century Industrial Revolution innovations that created gains for both producers and workers, the NTR has benefited mainly the producers and is displacing workers via the revolution in network technology. In other words, while the digital age has been a blessing to consumers, it is changing the world of work in ways that may make a growing share of workers worse off.

The January 2016 Oxford/Citi study takes a deeper dive into the effects of automation not only in the United States but the rest of the world. Building on the Oxford's original work showing 47% of the U.S. workforce at risk, recent data from the World Bank suggests the risks are higher for other countries. Equivalent figures for India are 69% and 77% for China. As compared to the developed world, emerging and developing economies have a much higher rate of low-skilled workers that are more susceptible to automation.

As labor-intensive industries succumb to more automated-intensive industries, middle-income countries like China and India will face a major dilemma inasmuch as more automation will be required to compete internationally. The major downside to these countries is the likelihood that they may have to reverse labor force gains that recently raised hundreds of millions of Asians out of poverty. In addition, many emerging economies with large low and medium-skilled populations are especially vulnerable to the so-called "middle income trap", where a country gets stuck at a level of development out of poverty without the wherewithal to elevate to levels of more advanced economies.

China created its economic miracle via labor-intensive industries that required low and medium-skilled labor. Over the last two decades, China lifted 700 million people out of poverty largely by state-controlled labor-intensive industries in urban areas. Today, China is considered a middle-

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<sup>109</sup> Federal Reserve Bank of Kansas City, The Vanishing Middle: Job Polarization and Workers' Response to the Decline in Middle-Skill Jobs, <https://www.kansascityfed.org/publicat/econrev/pdf/13q1tuzemen-willis.pdf>

income country with a per capita income of \$7,600, compared to \$54,600 for the United States.<sup>110</sup> Over the last five decades only a few countries (Japan, Israel, South Korea and Singapore) have been able to escape the middle-income trap and evolve to the high-income club. NTR automation is likely to make the jump even harder since it advantages smaller high-skilled nations and disadvantages larger low-skilled nations.

In terms of manufacturing, computer automation incentivizes companies to move facilities closer to consumers, which could reduce the offshoring trend. 22% of the study respondents believe that North America has most to gain from automation, while 24% believe China has the most to lose.

Within the United States, there is a wide disparity between metropolitan areas in regard to automation. Cities like, Boston, Washington DC, Raleigh, New York, San Francisco are considered low risk, while, Fresno, Las Vegas, Greensboro, Harrisburg and Los Angeles are considered higher risk cities. Generally speaking, diversified, rich, highly-educated cities are least exposed. The cities that are most exposed are older single industry centers replete with poorer and lower skilled workers. Cities with a high concentration in information, communication and network-centric industries are the best prepared to embrace the upsides of NTR automation and the up-skilling that these industries produce for their labor forces. The most promising industries for job creation are in information technology, automotive, robotics, 3D printing, health and medical, which collectively will generate over 50% of all new American jobs. The bulk of these jobs will be in small businesses and micro-businesses, which is the sweet spot for non-core contingency businesses like independent contractor, consultants and high-skill contract labor.

76% of the 2016 Oxford study respondents consider themselves as “techno-optimists” compared to 21% who see themselves as “techno-pessimists.” From a Jobenomics perspective, this is an extremely important statistic. Too often, pundits overstate the extent of machine substitution and ignore the positive aspects of human/machine partnership in terms of increased productivity, earning potential and skilled labor demand.

The introduction of machines to the labor force has not historically hurt the labor force. The machine-smashing Luddites certainly did not foresee the massive labor force expansion caused by the industrial revolution in the 1800s. Agricultural machines displaced tens of millions of farmers and farmhands but created the food services industry. Mass-produced automobiles displaced skilled artisans but led to an explosion in transportation and commerce related industries. Power tools displaced construction workers but made residential and commercial buildings more affordable and the creation of vastly more construction jobs. The Information Technology Revolution (ITR) of the late 20<sup>th</sup> Century created the information age and the billions of new jobs.

On the other hand, a high percentage of economists believe that while automation has not historically reduced employment, the disruptive power of the NTR makes future artificially intelligent systems vastly superior to their simpleton automated forerunners. Highly intelligent machines and software are likely to displace many more humans than the new jobs they create.

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<sup>110</sup> World Bank, GDP Per Capita, 2011-2015, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

According to the Federal Reserve, a recent poll on the impact of technology on employment and earnings of leading academic economists conducted by the Chicago Initiative on Global Markets, 43% of the respondents agreed with the statement that “information technology and automation are a central reason why median wages have been stagnant in the US over the past decade, despite rising productivity,” whereas, only 28% disagreed or strongly disagreed with the statement.<sup>111</sup>

The 2016 Oxford/Citi study calculates that “between 2002 and 2012, 33 legacy jobs were lost for every new digital job that was created.” The 2015 Oxford/Citi study cited three primary reasons why the NTR is likely to be different from previous technology revolutions: (1) the pace of change has accelerated; (2) the scope of technological change is increasing; and (3) unlike innovation in the past, the benefits of technological change are not being widely shared — real median wages have fallen behind growth in productivity and inequality has increased.<sup>112</sup>

With a proper U.S. national strategy, that currently does not exist, the NTR can replace jobs lost to automation via the creation of new small business and career paths. Jobenomics agrees with the 2016 Oxford/Citi report recommendations on the top four policy responses to the risks of automation impacting labor and wealth distribution are (1) invest in education, (2) encourage entrepreneurship, (3) fund active labor market policies that help people find jobs, and (4) fund research that enables innovation and enhances employment.

Jobenomics agrees with Oxford/Citi with the following caveats. Rather than investing in education, invest instead in skills training and certification as opposed to degree based education. While degree-based programs are absolutely necessary for many citizens, it is not an affordable or timely path for many at the bottom of America’s economic pyramid or entrepreneurs who are focused on a particular innovative opportunity. Jobenomics also asserts that the focus ought to be on business creation as the primary means to create occupations that will satisfy next-generation business opportunities, align the workforce with new labor market realities with emphasis on the growing contingent workforce and developing new industries in the emerging energy and network technology revolutions.

As history has demonstrated, technological innovation initially has a destructive effect as automated systems replace labor, but as new industries are established, employment expands along with wage growth. Some believe that the NTR may be different from an industry standpoint. Jobenomics does not concur. A proper national strategy, led by visionary and patriotic corporate leaders, entrepreneurial contingent workforce professionals and government strategic planners, could transform the U.S. labor force and economy for generations to come. To be successful, this strategy would have to maximize productivity and prosperity of both the standard and contingent workforce, as well as achieving a proper balance between the existing traditional economy and the emerging digital economy.

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<sup>111</sup> Polanyi’s Paradox and the Shape of Employment Growth, by David, H. Author, MIT, NBER and JPAL, 3 September 2014, Page 5, <http://economics.mit.edu/files/9835>

<sup>112</sup> Oxford Martin School and Citi Global Perspectives & Solutions, Technology At Work v2.0: The Future Is Not What It Used to Be, Technology Is Impacting Media Employment, Page 79, January 2016, [http://www.oxfordmartin.ox.ac.uk/downloads/reports/Citi\\_GPS\\_Technology\\_Work\\_2.pdf](http://www.oxfordmartin.ox.ac.uk/downloads/reports/Citi_GPS_Technology_Work_2.pdf)



The business world has already started the replacement process. With the advent of computers and personal digital assistants, most businesses have mostly eliminated the secretarial workforce. Today, semantic (thinking) websites know our shopping and buying habits and modern e-commerce is rapidly upending traditional brick-and-mortar retailing. Intelligence agents are now entering the scene. Got a question, need a direction or need a solution? Just ask Apple's Siri, Amazon's Echo or IBM's Watson for the answer.

When artificial intelligence approaches human intelligence, humans will be compelled to turn more decision-making to intelligence agents. Hypothetically, machines will eventually mature from general-intelligence to the level of human-intelligence at the point of technical "singularity" when machines become as cognitive as humans. Many experts believe that intelligence agents will achieve singularity as early as mid-century. However, in several critical domains, such as the worldwide financial system, singularity will occur much sooner.

Automation will slowly supplant cognitive work task by task giving rise to "centaurs" (a combination of human operators, and intelligent agents and smart machines). Smart machines (that communicate with humans) and intelligence agents (that learn human behavior) are entering the cognitive workforce at a greater and greater rate. Today, these automated machines/agents need human support to perform most tasks. However, they can perform enough complex tasks to reduce the need for full-time human labor, thereby giving rise to centaurs where contingent human workers will provide input as needed or warranted.

In conclusion, via the perfect storm of NTR technologies, systems, processes and service, automation of the U.S. labor force is likely to move from first-gear into overdrive within the first term of President Trump's presidency. From a Jobenomics perspective, it is imperative that the incoming Trump Administration quickly establishes plans and policies to guide the automation engine in ways to maximize business and job creation in the new economy and mitigate the destruction of American businesses and jobs.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, "**Lawyer at Labor's Helm**" scheduled for release on 20 March 2017.

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## Lawyer at Labor's Helm

President Trump's New Economy Challenge: Part 14 of 20



**Keywords:** *Presidential Transition, Donald Trump, Trump Administration, Obama Administration, 25 Million New Jobs, Andrew Puzder, Alexander Acosta, Secretary of Labor, Bureau of Labor Statistics, Department of Labor, Census Bureau, Labor Force, Bureau of Economic Analysis, Contingent Workforce, New York Times, Wall Street Journal, American Enterprise Institute, Federal Reserve, The, Great Recession, Goods-Producing, Service-Providing, Small Business, Employment, Unemployment, Florida International University, Harvard Law School, National Labor Relations Board, Workforce Development, Economic Development, Business Development, Startups*

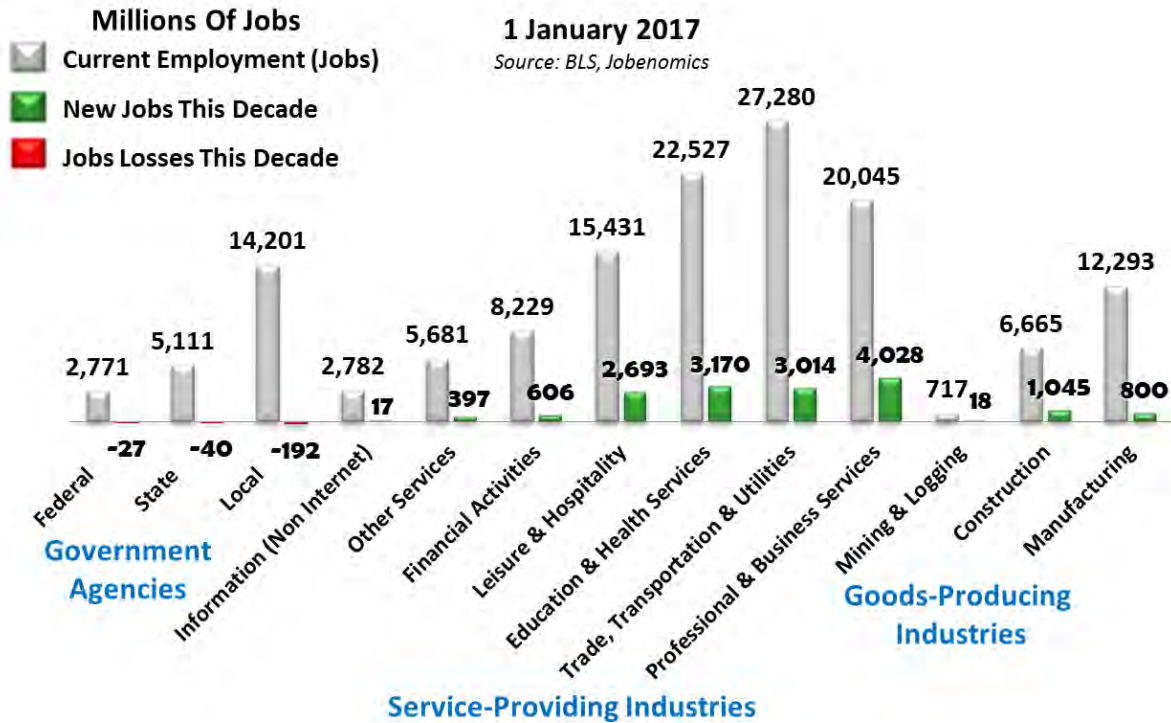
One might think that the U.S. Department of Labor (DoL) main purpose would be a forward-looking organization that positions the U.S. labor force for major disruptive trends like the emerging digital economy, the contingent workforce and the massive exodus of able-bodied workers. Unfortunately, the opposite seems to be the case. By its own admission, the DoL “**fosters and promotes the welfare**”<sup>113</sup> of the America’s 140 million workers and enforces several hundred federal laws and many thousands of federal regulations that cover the complete gambit of workforce activities for over ten million beleaguered American employers. No wonder why, President Trump’s top two picks for Labor Secretary were both lawyers who will be in charge of a hodgepodge collection <sup>114</sup> of 30 bureaus, offices, agencies, administrations and other special interest labor force groups. Trump’s first pick was Andrew “Andy” Puzder, a lawyer and fast-food CEO, who suddenly withdrew his nomination. Trump’s second pick was Alexander Acosta, a *cum laude* Harvard Law School graduate, U.S. Court of Appeals law clerk, a Washington D.C. lawyer, an employment and civil rights law professor (George Mason University School of Law), a former collective bargaining and unfair labor practices official (National Labor Relations Board), a civil rights attorney (Assistant Attorney General for the Department of Justice Civil Rights Division), and a college law school dean (Florida International University). From a Jobenomics perspective, the Trump Administration is going to need much more than a great lawyer to restore a U.S. labor force that is in a serious state of decline.

### Current U.S. Employment, Job Gains and Job Losses

<sup>113</sup> DoL, FAQs, What does the Department of Labor do?, <http://webapps.dol.gov/dolfaq/go-dol-faq.asp?faqid=478&faqsub=General+Information&faqtop=About+DOL&topicid=9>

<sup>114</sup> DoL, Organizational Chart, <https://www.dol.gov/general/aboutdol/orgchart>





This chart is a snapshot the current state of the U.S. labor force in terms of current jobs in gray, new jobs in green and job losses in red. In general terms, the U.S. labor force is in a much better position today than it was in during the Great Recession. Seven private sector service-providing industries employ 71.2% of all U.S. workers (103,425,000) jobs, followed by federal, state and local governments that employ 15.3% of the workforce (22,223,000) jobs and by the three private sector goods-producing industries that employ 13.5% of the workforce (19,655,000). Job gains occurred in all 10 private sector industries this decade. Job losses occurred at all three levels of government (federal, state and local) this decade. However, this is history.

## Labor Force Gains and Losses

| 1 January 2017              |   |   |   |                                 |
|-----------------------------|---|---|---|---------------------------------|
|                             | Entered   | Departed  |   | Net Labor Force<br>Gains-Losses |
|                             | Employment<br>Gain/Loss   | Not-in-Labor<br>Force Gain/Loss   | Unemployed<br>(U3) Gain/Loss                            |                                 |
| Last Year (2016)            | 2,157,000   | 999,000   | (398,000)   | 1,556,000                       |
| Since 2010 (Post Recession) | 15,529,000  | 11,289,000  | (7,569,000)   | 11,809,000                      |
| Since 2009 (Obama)          | 10,459,000  | 14,722,000  | (3,757,000)   | (506,000)                       |
| Since Year 2000             | 14,523,000  | 26,447,000  | 1,876,000   | (13,800,000)                    |
|                             | BLS CES Report<br>(CES0000000001)<br>Table B-1<br>Seasonally Adjusted | BLS Not-in-Labor-<br>Force Report<br>(LNS15000000)<br>Seasonally Adjusted | BLS Unemployed<br>Report<br>(LNS13000000)<br>Table A-10 |                                 |

**Positive Labor Force Trends.** Employment and economic data were positive over the last quarter. Three areas are noteworthy: net labor force gains and losses, private sector service-providing industry growth, and continued small business strength.

- **Labor Force Gains and Losses.** During 2016, 2,157,000 citizens entered the labor force, 999,000 more citizens were enrolled in the Not-in-Labor-Force (abled-bodied adults that chose not to work), and 398,000 citizens were released from the ranks of the officially unemployed, for a net gain of 1,556,000. Net labor force gains-losses are also shown since 2010 (Post Recession period), since 2009 (Obama era) and since the turn of the Century in 2000. While the United States has posted slow but steady gains during the post-recession era, the U.S. labor force is still 13,800,000 weaker today in terms of gainfully employed workers. It is also important to note that this net loss does not include population growth of 42 million additional Americans today compared to 2000 (282 million versus 324 million).
- **Service-Providing Industry Growth.** Private sector service-providing industry employment continues to grow now employing 103 million Americans. 20 million are employed by private sector goods-producing industries and 22 million are employed by government (federal, state and local, not including the Armed Forces and institutionalized citizens. 88.2% of all new jobs this decade were created by the seven industries in the service-providing sector. 81.7% of all new jobs were produced by the four leading service-providing industries (Professional & Business Services; Education & Health Services; Trade, Transportation & Utilities; Leisure & Hospitality). Manufacturing and Construction contributed 5.1% and 6.7%, respectively.
- **Small Business Strength.** Small business is the engine of the U.S. economy—a fact that is generally underappreciated by American policy-makers and the public. 78.2% of all Americans are now employed by small businesses that created 73.8% of all new jobs this decade. During calendar year 2016, small business (<500 employees as defined by the Small Business Association) created 2.1-times as many jobs as large businesses (500+ employees). During calendar year 2016, micro business (<20 employees) created 70% as many jobs as very large corporations (1000+ employees).

**Negative Labor Force Trends.** Positive labor force trends are offset by six negative trends that threaten economic growth and stability. These trends include voluntary workforce departures, contingent workforce expansion, sclerotic GDP growth, population/workforce imbalance, low wages/income and declining business startups.

- **Small Business and Startup Business Decay.** Small business is the engine of the U.S. economy. However, the rate of small business job creation is dropping precipitously. During the seven-year post-recession period between 2010 and 2017, small businesses created 2.9-times as many jobs as large businesses. During the last decade (2007 to 2017, inclusive of the Great Recession), small businesses created 6.7-times as many jobs as large businesses that downsized to a much greater extent during the recession. Micro business has followed the same path. During the seven-year post-recession period between 2010 and 2017, micro businesses created 90% as many jobs as very large corporations. During the last decade, small businesses created 300% as many jobs as very large corporations during and after the recession.

In terms of new starts (firms less than 1-year old), the BLS reports that the United States is now creating startup businesses at historically low rates, down from 16.5% of all firms to 8% in 2014 (latest available data on new starts).<sup>115</sup> Based on a Wall Street Journal (WSJ) analysis of this recently released BLS report's data, "If the U.S. were creating new firms at the same rate as in the 1980s that would be the equivalent of more than **200,000 companies and 1.8 million jobs a year.**"<sup>116</sup> The WSJ also reports that share of employment at firms less than 1-year old has slipped from nearly 4% to about 2% of private-sector jobs from the 1980s to today. Business startups are the seed corn of the U.S. economy. Without the planting and fertilization of these seedlings the fields of American commerce would remain fallow.

- **Voluntary Workforce Departures.** Since year 2000 through 2017, 26,447,000 adult workers voluntarily departed the U.S. labor force. Able-bodied (capable of working) adults who have no job and are no longer looking for a job are accounted by the BLS in the Not-in-Labor-Force category. From 2000 to 2017, the Not-in-Labor-Force cadre grew from 68,655,000 to 95,102,000, an increase of almost 26.5 million citizens who more often than not are dependent on public/familial assistance. Today, citizens in the Not-in-Labor-Force exceed those enrolled in the Total Unemployed (U6) category by 6-times and 12-times the number in "Officially" Unemployment (U3) category. This great disparity is rarely addressed by policy-makers, analyzed by decision-makers or mentioned by the media's talking-heads, all of whom focus almost entirely on the Official U3 Unemployment Rate that is now at a near post-recession low of 4.7%.
- **Contingent Workforce Expansion.** Contingent workers are defined by the U.S. government as "nonstandard" workers who work part-time by necessity (temporary and day workers) or by choice (freelancers, independent contractors and the self-employed). Today, the contingent workforce is approximately 61,000,000 employed Americans or 40% of the total employed workforce. By 2030, this number will grow to 80,000,000 or 50% of the U.S. employed workforce—a trend that is largely unknown to U.S. policy-makers and the American public.
- **Sclerotic GDP Growth.** Most economists believe that economic growth depends on employment and GDP growth. The ideal rate for U.S. GDP growth is 2% to 3%. Any GDP growth below 2% is considered sclerotic growth that makes the U.S. economy vulnerable to financial downturns. According to the Bureau of Economic Analysis (BEA)<sup>117</sup>, during the post-recession recovery period from Q1 2010 through Q3 2016, U.S. GDP averaged 2.1%. In Q1 and Q2 2016, U.S. GDP grew by an abysmal 0.8% and 1.4%. In Q3 2016, GDP increased significantly by 3.5%. BEA "advanced" estimates for Q4 2016 and for the entire 2016 calendar year are 1.9% and 1.6% respectively. Advanced estimates are based on "source data that are incomplete or subject to further revision. Notwithstanding any future upward revisions, 2016

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<sup>115</sup> BLS, Business Employment Dynamics Summary, 27 January 2016, Table 8, Private sector establishment births and deaths, seasonally adjusted, <http://www.bls.gov/news.release/cewbd.t08.htm>

<sup>116</sup> Wall Street Journal, Sputtering Startups Weigh on U.S. Economic Growth, 23 October 2016, <http://www.wsj.com/articles/sputtering-startups-weigh-on-u-s-economic-growth-1477235874?mod=djem10point>

<sup>117</sup> Bureau of Economic Analysis, Gross Domestic Product: Fourth Quarter and Annual 2016 (Advance Estimate), 27 January 2017, <http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

was a year of continued sclerotic growth. Federal Reserve economists forecast Q1 2017 growth of 2.3%.<sup>118</sup> President Trump's economic vision includes doubling U.S. GDP growth to the 3.5% to 4.0% range according to his economic plan.<sup>119</sup> He has also selected capable business and financial executives for his cabinet to make this vision a reality—this reality ultimately depends on business, especially small business—growth in order to generate goods and services necessary to grow GDP.

- **Population/Workforce Imbalance.** As of 1 January 2017, out of a U.S. population of 325 million, 120 million private sector workers support 32 million government workers and contractors, 95 million able-bodied people who can work but chose not to work, 63 million who cannot work, and 15 million unemployed and underemployed. The U.S. economy is not sustainable with only 37% supporting an overhead of 63%. The growing contingent labor force, which consists of mostly lower paid wage earners, makes the overhead burden even more precarious. More people earning livable wages and having greater discretionary income must be productively engaged in the labor force for the U.S. economy to flourish.
- **Low Wages/Income.** According to the latest U.S. Census Bureau's 2015 Annual Social and Economic Supplement<sup>120</sup> to the Current Population Survey, the U.S. average (median) income for a worker with a full-time job was \$57,582. Out of a total of 163 million American workers 15-years old and over with earnings, 73% (119 million) earned below mean income of \$57,582 for full-time workers. If the 159 million adult citizens with no reported earnings (94 million that can work but choose not to, and the 65 million who cannot work) were included, an astounding 86% (278 million) were below average. This imbalance is much larger than most people perceive and is a major contributor to the social unrest being exhibited today and a major issue for the Trump Administration.

**Secretary Acosta's Labor Force Challenge.** In regard to the decaying U.S. labor force, Jobenomics contends that the proper way to gauge the strength of the U.S. labor force (and the overall economy) is by evaluating employment rather than unemployment. The reason for this statement is relatively straightforward: working people provide the goods and services that grow the economy. The more people that America puts to work, the stronger the economy gets. As discussed in the "Why Work Anymore?" posting, the American people will figure out that the current way our government calculates unemployment is seriously flawed. The use of whimsical survey questions, like "do you currently want a job", makes unemployment a poor barometer of U.S. labor force strength.

When evaluating U.S. labor force metrics, one should measure the workforce in relation to the entire population as opposed to current Department of Labor denominators like the Civilian Noninstitutional Population (which few citizens understand) or the Civilian Labor Force (which includes only working people or people looking for work, but does not include adults capable of working but choose not to work).

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<sup>118</sup> Federal Reserve Bank of Atlanta, GDP Now, 30 January 2017, <https://frbatlanta.org/cqer/research/gdpnow/?panel=1>

<sup>119</sup> White House Website, <https://www.whitehouse.gov/bringing-back-jobs-and-growth>

<sup>120</sup> U.S. Census Bureau, PINC-05, <http://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-05.html>

This chart, developed by Jobenomics using the latest U.S. Census Bureau and Department of Labor's Bureau of Labor Statistics data, shows a number of topline employment metrics in relation to the U.S. population from 1 January 1980 to 1 January 2017.

### Decaying U.S. Labor Force

| <i>Source: BLS Total Nonfarm, Census Bureau</i>             | 1980s                          | 1990s        | 2000s                     | 2010-2017    |
|---|--------------------------------|--------------|---------------------------|--------------|
| <b>U.S. Population At Period End</b>                        | 246,819,230                    | 272,690,813  | 307,006,550               | 324,343,000  |
| <b>Population Growth #</b>                                  | 21,763,743                     | 25,871,583   | 34,315,737                | 51,652,187   |
| <b>Population Growth %</b>                                  | 9.7%                           | 10.5%        | 12.6%                     | 18.9%        |
| <b>Total Employed At Period End</b>                         | 90,673,000                     | 130,780,000  | 129,774,000               | 145,303,000  |
| <b>Employment Growth #</b>                                  | 19,433,000                     | 21,931,000   | 1,006,000                 | 15,529,000   |
| <b>Employment Growth %</b>                                  | 27.3%                          | 44.2%        | -0.8%                     | 11.1%        |
| <b>Net Employment and Population Growth Rate Difference</b> | <b>17.6%</b>                   | <b>33.8%</b> | <b>-13.4%</b>             | <b>-7.8%</b> |
|   | <b>Strengthening Workforce</b> |              | <b>Decaying Workforce</b> |              |
| <b>Months in Recession</b>                                  | <b>22</b>                      | <b>8</b>     | <b>26</b>                 | <b>0</b>     |

The 1980s and 1990s were decades of robust job creation and a strengthening workforce. In the two decades prior to the turn of the 21<sup>st</sup> Century, employment growth **increased** significantly faster than population growth (1980-1989: Employment Growth Rate was 27.3% versus a Population Growth Rate of 9.7%, and 1990-1999: Employment Growth Rate 44.2% versus Population Growth Rate 10.5%). As a result, the 1980s and 1990s produced an average of about 20 million net new jobs in a population that was 52 to 78 million people smaller than today. Equally important is the fact that these jobs were produced during two decades that suffered 30 months of recession.

The 17-year period from year 2000 to today can be characterized as an era of weak job creation and a decaying workforce. During this era, employment growth **decreased** significantly faster than population growth (2000-2009: Employment Growth Rate was -0.8% versus a Population Growth Rate of 12.6%, and 2010-2017: Employment Growth Rate 11.1% versus Population Growth Rate 18.9%). The 1980s was a particularly bad decade with negative employment growth due to 26-months in two recessions, the second of which was the 18-month long Great Recession of 2007-2009 that precipitated a global financial crisis. The most recent seven year period were years of sclerotic job creation despite the fact the U.S. posted the longest streak of continuous job growth on record.

However Secretary Acosta's Bureau of Labor Statistics may not be as confident as their new boss' President regarding America's ability to generate the amount of jobs needed to fulfill the Trump Administration vision. Robust labor force growth is not currently forecast by BLS employment projections<sup>121</sup>.

<sup>121</sup> U.S. Bureau of Labor Statistics, Employment Projections: 2014-24 Summary, Table 2. Employment by major industry sector, 8 Dec 2015, <http://www.bls.gov/news.release/ecopro.nr0.htm>



Last year's BLS Employment Projections: 2014-24 Summary report forecasts that the United States will produce only 9.9 million new jobs over the next decade, which is a shortfall of 10.1 million net new jobs needed to accommodate new workforce entrants and maintain full employment. 9.9 million jobs is inconsistent with the new Administration's 25 million new job goal, especially in the area of manufacturing and the two other goods-producing industries (construction and mining) which were highly promoted during the Trump campaign. The BLS report projects meager gains of 56,500 jobs in goods-producing industries, 9,263,600 jobs in services-providing industries, 26,900 jobs in agriculture/forestry/fishing industries and 579,300 jobs in the non-agricultural self-employed workforce over the next decade.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"President Trump's Income Inequality Challenge"** scheduled for release on 23 March 2017.

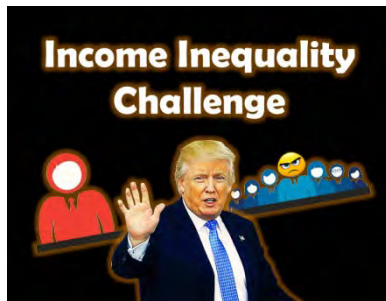
**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*





## President Trump's Income Inequality Challenge

President Trump's New Economy Challenge Series: Part 15 of 20



**Keywords:** Donald Trump, Trump Administration, Alexander Acosta, Secretary of Labor, U.S. Census Bureau, Income and Poverty, American Dream, Income Inequality, Income Opportunity, Income Mobility, Median Wage, Wage Earners, Household Income, Top 1%, Census Bureau, Bureau of Labor Statistics, World Economic Forum, Forbes 400, Deputy Commerce Secretary Todd Ricketts, Education Secretary Betsy DeVos, Commerce Secretary Wilbur Ross, SBA Administrator Linda McMahon, Boston Globe, NBC News, CBS News, Bernie Sanders, Political Correctness, Female-to-Male Earnings Ratio, Calexit, Gini Index, CIA Factbook, World Bank, International Monetary Fund, Kaufmann Foundation

One of the significant challenges to President Trump, Labor Secretary Acosta and other members of the Trump Administration is dealing with the thorny issue of growing income inequality. The influx of \$17 trillion of federal stimuli and trillions of dollars' worth foreign investment into the U.S. economy since the Great Recession has benefited the rich and decimated the middle class to a greater extent than most people realize. The United States now has reached a point where only 14% (45 million) of Americans earn above average (mean) wages and 86% (274 million) of Americans report earnings below average or no wage at all. No wonder why people are upset about income inequality. The surest way to rectify wage and income disparities is to create income opportunities for willing souls who seek greater self-sufficiency and financial independence.

### Median Income by Type Citizen

Source: U.S. Census Bureau Income and Poverty in the United States: 2015

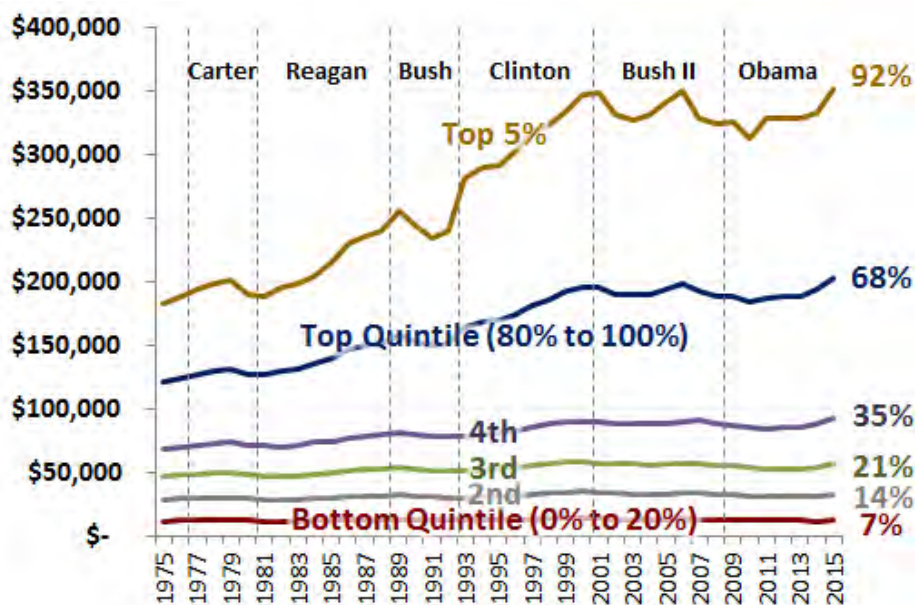
| Type of Household                       |                 |
|---|-----------------|
| <b>All households</b>                   | <b>\$56,516</b> |
| Family households                       | \$72,165        |
| Married-couple                          | \$84,626        |
| Female householder, no husband present  | \$37,797        |
| Nonfamily households                    | \$33,805        |
| Female householder                      | \$29,022        |
| Male householder                        | \$40,762        |
| Race and Hispanic Origin of Householder |                 |
| White                                   | \$60,109        |
| White, not Hispanic                     | \$62,950        |
| Black                                   | \$36,898        |
| Asian                                   | \$77,166        |
| Hispanic                                | \$45,148        |
| Nativity of Householder                 |                 |
| Native born                             | \$57,173        |
| Foreign born                            | \$52,295        |

| Age of Householder                     |          |
|--|----------|
| Under 65 years                         | \$63,344 |
| 15 to 24 years                         | \$36,108 |
| 25 to 34 years                         | \$57,366 |
| 35 to 44 years                         | \$71,417 |
| 45 to 54 years                         | \$73,857 |
| 55 to 64 years                         | \$62,802 |
| 65 years and older                     | \$38,515 |
| Residence                              |          |
| Inside metropolitan statistical areas  | \$59,258 |
| Inside principal cities                | \$51,378 |
| Outside principal cities               | \$64,144 |
| Outside metropolitan statistical areas | \$44,657 |
| Earnings of Full-Time Workers          |          |
| Men with earnings                      | \$51,212 |
| Women with earnings                    | \$40,742 |
| Female-to-Male earnings ratio          | 0.80     |

This chart, compiled from the latest U.S. Census Bureau Income and Poverty in the United States report<sup>122</sup>, is a snapshot of income and earnings. In 2015, the medium (average) household income was \$56,516, which was up 5% over the previous year after many years of no growth. Even with this increase, most Americans rightly lack confidence about their ability to adequately provide for their family's fiscal needs. From a policy perspective, the way to build national confidence and restore the "American dream" is to provide meaningful income opportunities with emphasis on those most in need as highlighted in red on the chart.

Income inequality is defined as unequal distribution of household or individual income across the various participants (regional, social, racial, gender) in an economy. Income inequality slows economic growth, reduces social mobility, causes financial conflicts and creates discord. A survey for the World Economic Forum<sup>123</sup> identified growing income inequality as the world's number one most pressing issue followed by persistent jobless growth as number two and the lack of leadership as number three. After a period of wane, income inequality is growing again in America. U.S. income inequality is often associated with income fairness and is now a dominant issue for policy-makers, media and social activists.

## U.S. Household Income by Quintile (20%)



Even with the ups and downs over the last four decades, the United States has generated upward household income growth for all Americans as shown above. Household income is generally used as the standard measure of income wealth by U.S. government agencies. U.S. household income includes the income of the householder and all other individuals 15 years old and over in the household. Household income is defined as income received on a regular basis not including capital

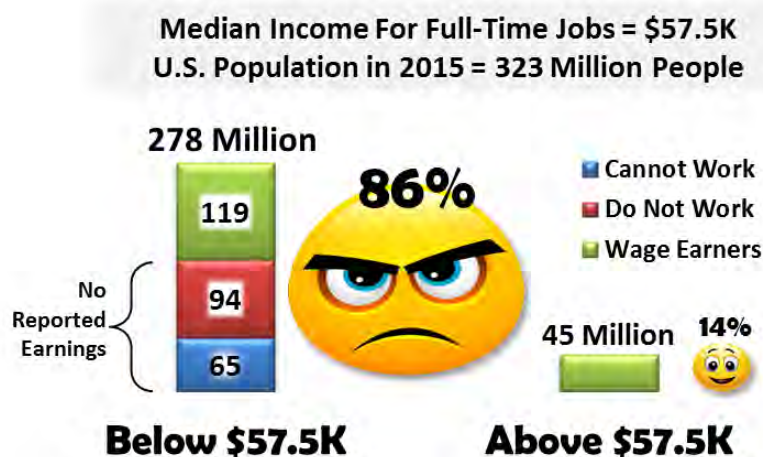
<sup>122</sup> U.S. Census Bureau, <http://www.census.gov/data/tables/2016/demo/income-poverty/p60-256.html>

<sup>123</sup> World Economic Forum, <http://reports.weforum.org/outlook-global-agenda-2015/top-10-trends-of-2015/1-deepening-income-inequality/>

gains or non-cash benefits (food stamps, health benefits, subsidized housing, and most other forms of welfare or entitlement benefits). “Median” household income divides the total number of households and families (including those with no income) into two equal parts.

The rich have grown substantially richer than the poor in terms of household “income inequality.” If non-income sources, such as investments and assets, are included, disparity would be much greater in terms of “wealth inequality.” Today, the top 1% of Americans has more wealth than the bottom 95%. The 400 billionaires on the Forbes 400 list<sup>124</sup> are estimated to have more wealth than the bottom 150 million Americans. The Trump Administration is no stranger to this list including: President Trump (\$3.7 billion net worth), Deputy Commerce Secretary Todd Ricketts (\$5.3 billion) Education Secretary Betsy DeVos (\$5.1 billion), Commerce Secretary Wilbur Ross (\$2.9 billion) and SBA Administrator Linda McMahon (\$1.6 billion). As reported by the Boston Globe<sup>125</sup>, NBC News<sup>126</sup> and CBS News<sup>127</sup> the combined net worth all Cabinet-ranked positions are as high as \$14 billion, which is roughly equal to the net worth of approximately 40 million American households. The good news about these individuals, as discussed in previous blogs, is that most of these citizens have been deeply involved with philanthropic institutions, and have committed themselves in their newly appointed positions to use their wealth building skills to benefit all Americans.

## 86% of All U.S. Wage Earners below Average Income



According to the latest U.S. Census Bureau’s 2015 Annual Social and Economic Supplement<sup>128</sup> to the Current Population Survey, the U.S. average (median) income for a worker with a full-time job was \$57,582. Out of a total of 163 million American workers 15-years old and over with earnings, 73%

<sup>124</sup> Forbes 400, <http://www.forbes.com/sites/chasewithorn/2016/10/04/forbes-400-the-full-list-of-the-richest-people-in-america-2016/#32650c0953b4>

<sup>125</sup> Boston Globe, <https://www.bostonglobe.com/metro/2016/12/20/trump-cabinet-picks-far-are-worth-combined/XvAJmHCgkHhO3ISxgIKvRM/story.html?fa=lowres>

<sup>126</sup> NBC News, <http://www.nbcnews.com/business/economy/trump-s-cabinet-picks-have-combined-wealth-11b-how-did-n692681>

<sup>127</sup> CBS News, <http://www.cbsnews.com/pictures/donald-trumps-14-billion-cabinet/>

<sup>128</sup> U.S. Census Bureau, PINC-05, <http://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-05.html>

(119 million) earned below mean income of \$57,582 for full-time workers. If the 159 million adult citizens with no reported earnings (94 million that can work but choose not to, and the 65 million who cannot work) were included, an astounding 86% (278 million) were below average. This imbalance is much larger than most people perceive and is a major contributor to the social unrest being exhibited today and a major issue for the Trump Administration.

The issue of income inequality is especially acute to (1) the growing cadre of contingent workers (discussed in detail in earlier series blogs, “President Trump’s Gig Workforce” and “President Trump’s Non-Standard Workforce”) who make significantly less wages than standard workers, (2) disparities related to race, ethnicity and gender, which are increasingly part of the American political dialogue and public discourse, and (3) for the discouraged American adults who voluntarily departed the labor force for alternative lifestyles and livelihoods of public and familial dependency (discussed in an earlier blog entitled “Why Work Anymore?”).

Low wages and income fuel discord and unrest. The high level of social and political unrest was evident in the recent Presidential elections as a polarized electorate swung heavily to perceived antiestablishment candidates like Bernie Sanders and Donald Trump. It is also clearly evident in the African-American community as evidenced by recent rioting and violence. Jobenomics is actively engaged with dozens of financially distressed African-American communities and is familiar with their frustrations and anger. However, Jobenomics is quick to point out to community leaders that anger is not unique to Black males in financially distressed communities.

Based on Census Bureau data<sup>129</sup>, 12,687,000 Black males earn below average wages or no wages at all. In comparison, there are 72,417,000 (6-times) as many White males who earn below average wages or no wages. Surprisingly, in relation to their racial group, the percentage is approximately equal. According to the Census Bureau<sup>130</sup>, the total American Black male population was 19,971,000 and the total White male population was 122,062,000. Thus, the percentage of below average wage earners in the Black community was 63.5% versus 59.3% for White, which is close to being statistically equal. For the most part, White males are equally frustrated and angered due to the current economic environment and the climate of political correctness, which they perceive as anti-White. 17,799,000 American Hispanic males and 4,718,000 American Asian males that make below average income are also discouraged.

If any single demographic has a reason to be frustrated or angry, it should be females who suffer disproportionately greater economic deprecation than males across all racial and ethnic groups. As highlighted in red on the chart, the U.S. Female-to-Male earnings ratio is 0.80, which means that American females make 80% of the earnings of their male counterparts. The Female-to-Male earnings ratio for a Female Family Householder (no husband present) is 0.74 and for a single Female Householder 0.57. The Female-to-Male earnings ratio for minority females is even more atrocious, especially for those trapped in depressed inner-city neighborhoods.

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<sup>129</sup> Census Bureau, Current Population Survey Tables for Personal Income, PINC-05. Work Experience-People 15 Years Old and Over, by Total Money Earnings, Age, Race, Hispanic Origin, Sex, and Disability Status, <http://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-05.html>

<sup>130</sup> Census Bureau, [https://www.census.gov/population/projections/files/natproj/detail/d2011\\_20.pdf](https://www.census.gov/population/projections/files/natproj/detail/d2011_20.pdf)

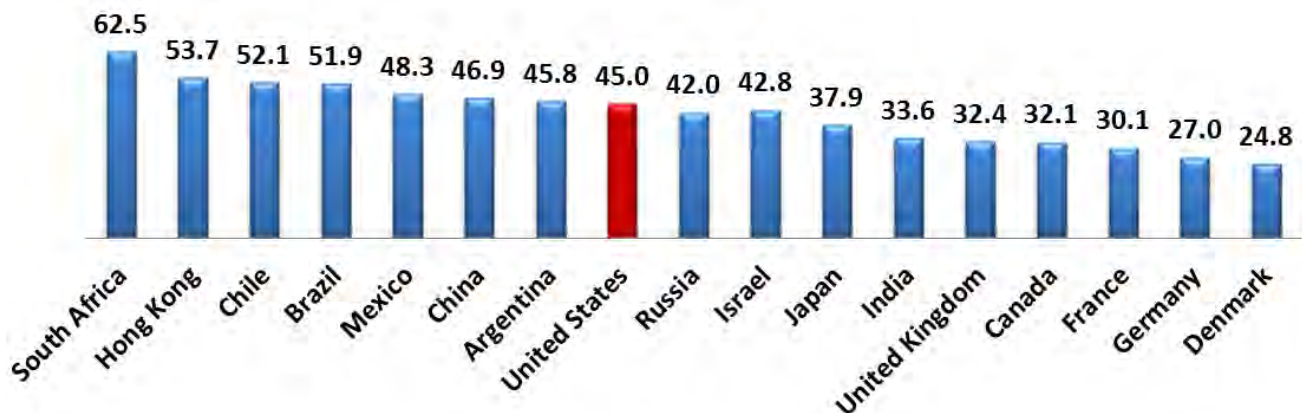
America is a deeply divided nation politically, socially, culturally, ethnologically and economically. Many believe that the ideological divide is even wider than it was prior to the secession that led to the American Civil War. In early 2019, Californians will go to the polls in a historic vote to decide by referendum if California should exit the Union, vote either yes or no for “Calexit”<sup>131</sup>. Whether or not Calexit is merely political theatrics, it certainly is troublesome. America is at a crossroads where the liberal left no longer believes anything the conservative right as to say, and vice versa. Now that the 2016 elections are history, the world is anxiously watching to see if the Trump Administration can unite the nation to address divisiveness, inadequacies and disparities.

Political activists assert the United States is one of the most inequitable distributors of income on the planet and that income inequality is always bad. Both of these assertions are not as accurate as many activists would want you to believe.

Regarding the assertion that America is inherently inequitable, the Gini Index shows that the United States is in the middle of the pack of comparable modern economies regarding worldwide income inequality. A Gini Index a measurement of income distribution that ranges from 0, representing perfect equality, to 100, representing perfect inequality.

## Worldwide Income Inequality

CIA World Factbook Distribution of Family Income-Gini Index



A number of international organizations, like the World Bank and International Monetary Fund, use the Gini Ratio to define income inequality among nations. The Global Income Inequality chart (above) was created by Jobenomics using U.S. Central Intelligence Agency data listed in their widely-accessed World Factbook Distribution of Family Income-Gini Index. The world’s worst income inequality is in emerging and totalitarian countries. Industrial and democratic countries are much more equitable in terms of income. Globalization has narrowed the income inequality between nations, but has exacerbated income inequality within nations, due to global competition, international supply chains, global capital markets, and new information technology.

Income inequality is not a condition that we should tolerate, but is whimsical to believe that austerity is always bad. Some degree of income inequality can be tolerated as long as a corresponding degree of income opportunity exists. Individuals and businesses would not innovate without the opportunity

<sup>131</sup> Calexit, <http://www.yescalifornia.org/>

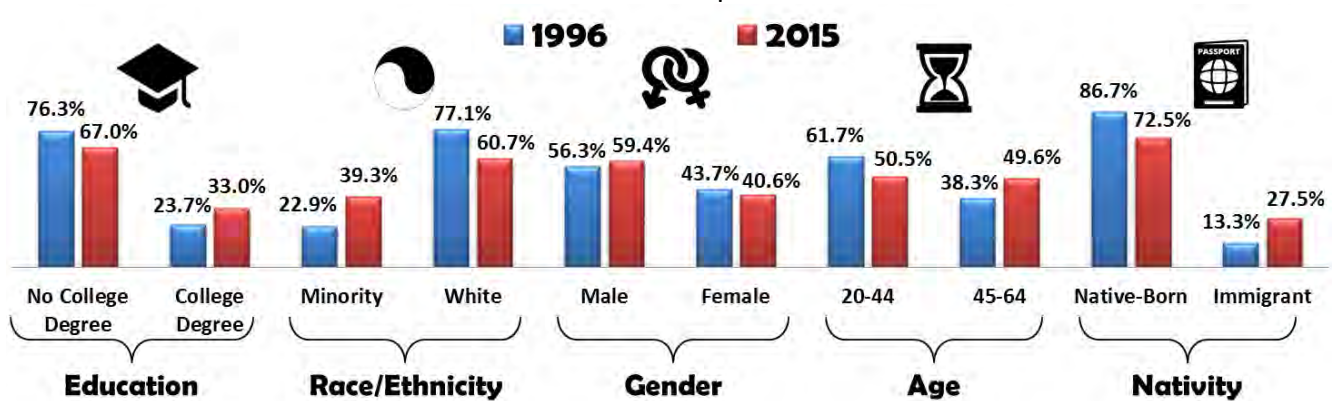


to reap rewards. When opportunity exceeds inequality, people are generally optimistic and motivated to succeed. However, when inequality exceeds opportunity, people are unhappy and motivated towards discordance. Unfortunately, America has entered a period where inequality exceeds opportunity, which places our nation and economy at risk.

Throughout history, income inequality has been a powerful motivator. The American Revolution had issues of income inequality at its roots. Today, many of the greatest American success stories are about people from humble beginnings. From a Jobenomics perspective, income inequality is one of the primary motivators for entrepreneurs to innovate, get a job and start a business regardless of any obstacles related to education, race, ethnicity, gender, age or nativity.

## Rate and Composition of New U.S. Entrepreneurs

Source: Kauffman Startup Index: National



According to the Kaufmann Foundation, a leading U.S. foundation focused on education and entrepreneurship, “business startups account for about 20% of US gross (total) job creation while high-growth (startup) businesses account for almost 50% of gross job creation.” As shown, education, race, ethnicity, gender, age or nativity are not disincentives if income opportunity abounds.

Stay tuned for the next installment in the President Trump’s New Economy Challenge series entitled, “**President Trump’s Income Opportunity Solution**” scheduled for release on 26 March 2017.

**About Jobenomics:** Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement’s goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).

## President Trump's Income Opportunity Solution

President Trump's New Economy Challenge: Part 16 of 20



**Keywords:** President Donald Trump, Trump Administration, 25 Million New Jobs, Income Inequality, Income Opportunity, Income Mobility, Socioeconomic Mobility, Median Wage, Wage Earners, Household Income, American Dream, Secretary Jan Eberly, Pew Charitable Trusts, Northwestern University, McKinsey & Company, Bill Gates, Microsoft, Steve Case, AOL, Mark Zuckerberg, Facebook, Meg Whitman, eBay, Apple, Google, AT&T, Budweiser, Colgate, eBay, General Electric, IBM, McDonald's, Economic Development, Workforce Development

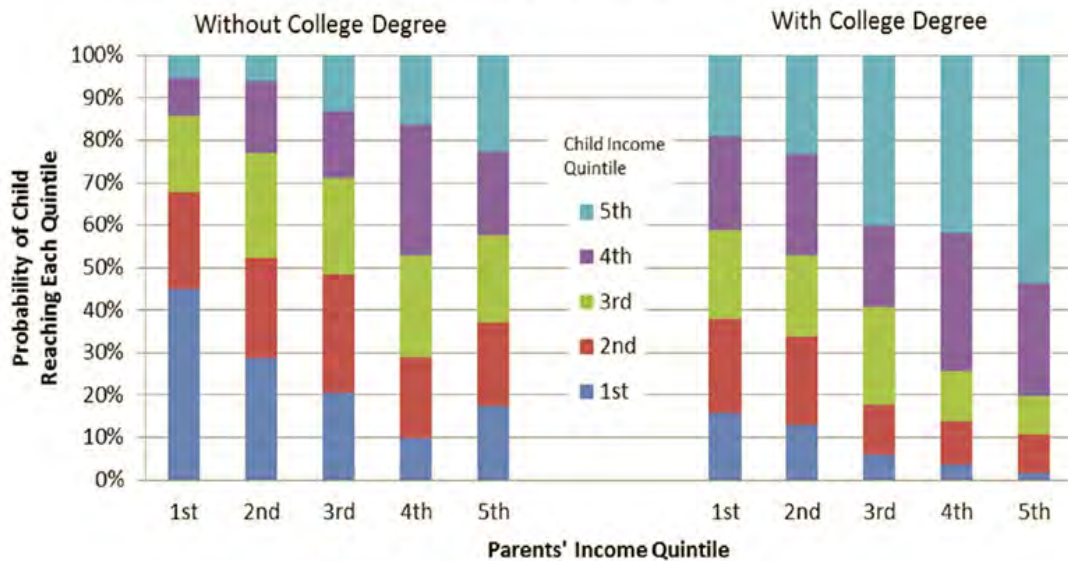
As discussed in the previous article, the United States now has reached a point where only 14% (45 million) of Americans earn above average (mean) wages and 86% (274 million) of Americans report earnings below average or no wage at all. No wonder why people are upset about income inequality. The surest way to rectify wage and income disparities is create **income opportunities** for willing souls who seek greater self-sufficiency and financial independence. Income opportunity involves money that people can earn as opposed to money that they have. The term opportunity implies favorable conditions or prospects in order to attain advancement or success. Today, the American dream of upward mobility, fairness and optimism has been shaken in the wake of a Great Recession, chronically high unemployment and a stagnant economy.

Income opportunity is directly influenced by socioeconomic mobility. Socioeconomic mobility is the movement of an individual or group from one income level to another. Socioeconomic mobility can be upward or downward. In America, with a few exceptions, mass upward socioeconomic mobility has been the general trend since the creation of the United States. Most people that enter the U.S. workforce from high school or college move from initial lower paying jobs to higher paying careers. Those that dropout of school or society are likely to entrench themselves in the lowest income quintile with much lower mobility. While welfare and unemployment payments provide a safety net for those in the lowest quintile, these payments tend to trap these same individuals in low quintiles by eroding their socioeconomic mobility. The longer a person is out of the workforce, the harder it is for that person to get a meaningful job. Socioeconomic mobility is also influenced by education and social status.

## Intergenerational Mobility



Source: Brookings analysis of the Panel Study of Income Dynamics (Isaacs, Sawhill, & Haskins, 2011), presented by Asst Treasury Sec Eberly



A presentation<sup>132</sup> by Assistant Treasury Secretary Jan Eberly at the 2012 Economic Measurement Seminar produced an insightful graphic on intergenerational socioeconomic mobility. According to Eberly, higher education is critical for economic mobility. Without a college degree, children born in the bottom income quintile have a 45% chance of remaining there as adults. With a degree, they have a roughly equal chance of attaining each income quintile, which means an 80% chance of being in a higher income quintile than their parents. While Jobenomics agrees, the educational paradigm required for yesteryear's workforce development may not be appropriate for today's labor pool. More skills-based training and certification programs are needed.

The bifurcation of American society into haves and have-nots, skilled and unskilled, and hopefuls and the hopeless is a major educational and training challenge. To those at the top of the American socioeconomic pyramid, the old paradigm of "get a degree to get a job and get a better degree to get a better job" is more important than ever. To those at the bottom of the same pyramid, more workforce, technical and social skills training are needed to stem the increasing exodus to welfare and alternative lifestyles. Getting a postsecondary associate or baccalaureate degree is a bridge too far for many living close to the poverty level, or for primary and secondary school underachievers.

While America has always been known as the "land of opportunity", the Great Recession and chronically high unemployment has eroded socioeconomic mobility for those at the base of America's economic pyramid. A 2012 study<sup>133</sup> by the Economic Mobility Project of the Pew Charitable Trusts states while "Eighty-four percent of Americans have higher family incomes than their parents

<sup>132</sup> US Department of the Treasury, Remarks of Assistant Secretary Jan Eberly before the National Association of Business Economists (NABE), 2012 ECONOMIC MEASUREMENT SEMINAR, 31 July 2012, [https://www.treasury.gov/press-center/press-releases/Documents/NABE%20Speech\\_20120731.pdf](https://www.treasury.gov/press-center/press-releases/Documents/NABE%20Speech_20120731.pdf)

<sup>133</sup> Economic Mobility Project of the Pew Charitable Trusts, Pursuing the American Dream: Economic Mobility Across Generations, 9 July 2012, <http://www.pewstates.org/research/reports/pursuing-the-american-dream-85899403228>

did....Those born at the top and bottom of the income ladder are likely to stay there as adults. More than 40 percent of Americans raised in the bottom quintile of the family income ladder remain stuck there as adults, and 70 percent remain below the middle.”

Jobenomics believes that high school dropout rates, especially in the inner cities, is symptomatic of a greater problem—the lack of income opportunity. Jobenomics is working with local leaders in a dozen inner city communities, all of whom say that high dropout rates are directly related to the lack of income opportunities and employment. A recent Northwestern University study<sup>134</sup> of a quarter-century of data reveals a persistent connection over time between unemployment and the occurrence of school shootings at K-12 and postsecondary schools across the entire United States. According to the study, “the link between education and work is central to our expectations about economic (income) opportunity and upward (income) mobility in America.”

Jobenomics defines meaningful income and mobility opportunities more in terms of careers as opposed to jobs. To most young people, minimum wage jobs are not meaningful as compared to income opportunities derived from illicit employment or welfare benefits. Consequently, Jobenomics emphasizes community-based business generators in order to mass produce thousands of micro-businesses in the inner city. Micro-businesses provide meaningful income opportunity.

Many Americans feel that Washington policy-makers can fix our problems. Jobenomics disagrees for a number of reasons. First, a slow growing economy as well as a deeply divided citizenry makes political consensus-building difficult. Second, the biggest challenges for improving income opportunity are beyond Washington’s reach. Thirdly, global competition in the digital age levels the playing field for six billion other people around the world who want income opportunity and are often more motivated to strive to get it. While Washington has an important support role, it is up to the private sector to create businesses and jobs.

A McKinsey report entitled Restarting the US Small-Business Growth Engine<sup>135</sup> accurately describes small business as the engine of US economic growth with emphasis on “high growth” small businesses. The McKinsey article states that “a subset of small businesses—high-growth ones—creates the vast majority of new jobs. Seventy-six percent of these high-growth firms are less than five years old. The 1% of all firms that are growing most quickly (fewer than 60,000 in all) account for 40% of economy-wide net new job creation.” The biggest challenge for the McKinsey model is picking winners. It is hard to identify the next generation serial entrepreneurs, like Bill Gates (Microsoft), Steve Case (AOL), Mark Zuckerberg (Facebook) and Meg Whitman (eBay). Therefore, the McKinsey model focuses on small businesses that already have established themselves with potentially high growth products or services. McKinsey also advocates big business and government assistance to help emerging businesses grow rapidly and mass produce jobs.

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<sup>134</sup> Northwestern University, <https://news.northwestern.edu/stories/2017/01/shootings-us-schools-link-unemployment/>

<sup>135</sup> McKinsey & Company, McKinsey Quarterly, “Restarting the US small-business growth engine”, by John Horn and Darren Pleasance (Strategy Practice), November 2012, [http://www.mckinseyquarterly.com/Strategy/Growth/Restarting\\_the\\_US\\_small\\_business\\_growth\\_engine\\_3032](http://www.mckinseyquarterly.com/Strategy/Growth/Restarting_the_US_small_business_growth_engine_3032)



Jobenomics focuses on "highly scalable" start-up businesses that are unlikely to receive significant government and big business support. Jobenomics is currently working on the establishment of a dozen community-based business generators that will mass produce small and self-employed businesses that can be replicated easily. Self-employed businesses (both incorporated and unincorporated) are a good example of the type of highly scalable business that can be mass produced in order to create millions of jobs. The Jobenomics model focuses on individuals that have a yearning to start a business. Jobenomics concentrates on four demographics: inner city minority groups (service-providing businesses that focus on journeyman skill sets), women-owned businesses (direct-care and education/training businesses), Generation Y/Z (start-up businesses that focus on monetizing social networks and the internet) and veterans-owned businesses (businesses that specialize in defense industry related occupations). These demographics have the potential for millions of jobs and many thousands of new businesses that can be replicated across America.

Some of the most dramatic American Dream success stories include immigrants who fled foreign oppression to seek income opportunity in America. According to a 2011 report by the Partnership for a New American Economy<sup>136</sup>, legal immigrants or their children founded more than 40% of U.S. Fortune 500 companies. About 20% of the newest Fortune 500 companies founded between 1985 and 2010 have an immigrant founder. Many of America's greatest brands, Apple, Google, AT&T, Budweiser, Colgate, eBay, General Electric, IBM, and McDonald's, owe their origin to a founder who was an immigrant or the child of an immigrant. The Fortune 500 companies that boast immigrant or children-of-immigrant founders have combined revenues of \$4.2 trillion.

**In conclusion**, for America to prosper, more focus needs to be placed on income opportunity (the solution) as opposed to income inequality (the problem). Income opportunity leads to jobs, careers and new businesses, which in turn facilitates upward income mobility for individuals and their progeny.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"The Trump Administration's Minimum Wage Conundrum"** scheduled for release on 29 March 2017.

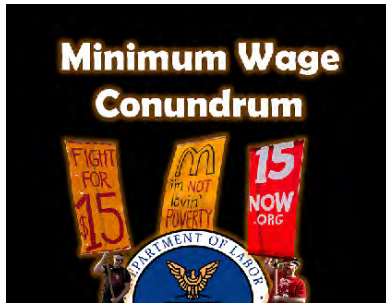
**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview and the Author's Biography](#).*

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<sup>136</sup> Partnership for a New American Economy, The "New American" Fortune 500, June 2011, <http://www.renewoureconomy.org/sites/all/themes/pnae/img/new-american-fortune-500-june-2011.pdf>

## Trump Administration's Minimum Wage Conundrum

President Trump's New Economy Challenge: Part 17 of 20



**Keywords:** *Presidential Transition, Donald Trump, Trump Administration, Obama Administration, 25 Million New Jobs, Recession, Protectionism, Minimum Wage, Bureau of Labor Statistics, Department of Labor, Census Bureau, Labor Force, Contingent Workforce, Bloomberg, Mary Kay Henry, Service Employees International Union, SEIU, Governor Jerry Brown, California, Governor Andrew Cuomo, New York, Employment, Unemployment*

Most people perceive that minimum wage laws apply mainly to the 4.7 million fast-food industry workers. This perception understates the serious consequences of a universal minimum wage to all businesses, the labor force and the U.S. economy. If a \$15/hour minimum wage was implemented today nation-wide for all able-bodied Americans who can work, 159 million citizens would qualify for the minimum wage threshold.<sup>137</sup> 44 million Americans in the top 50 projected highest growth occupations listed in the Bureau of Labor Statistics' Occupational Outlook Handbook would also need an hourly increase in pay of up to \$6 per hour to meet the threshold. According to the Handbook, even 22 out of the 36 (61%) top non-college degree occupations make below minimum wage.<sup>138</sup>

In a Bloomberg interview with Mary Kay Henry, the President of the Service Employees International Union (SEIU, an organization of 2 million unionized service workers), Ms. Henry stated that a \$15 minimum wage would be a boon to small businesses since workers would have more money in their pockets to spend. Jobenomics agrees with this statement. Jobenomics also agrees with SEIU's recommendation to provide "job ladders and training" for low-wage earners to escape poverty. Per Ms. Henry, "We now have 10 million workers on a path to \$15 in New York and California. It will be fascinating how transformative those dollars are to economic growth in those communities."<sup>139</sup>

Jobenomics believes that the New York and California minimum wage efforts will be fascinating indeed, especially on the impact on small businesses. Hopefully, minimum wage efforts will succeed without crippling small businesses.

<sup>137</sup> U.S. Census Bureau, Current Population Survey, 2015 Annual Social and Economic Supplement, PINC-05, Work Experience in 2014--People 15 Years Old and Over by Total Money Earnings in 2014, Age, Race, Hispanic Origin, and Sex, [http://www.census.gov/hhes/www/cpstables/032015/perinc/pinc05\\_000.htm](http://www.census.gov/hhes/www/cpstables/032015/perinc/pinc05_000.htm)

<sup>138</sup> BLS, 2016-17 Occupational Outlook Handbook, Table 1.3, <http://www.bls.gov/ooh/>

<sup>139</sup> Bloomberg Businessweek, Union Booster Mary Kay Henry, 20 October 2016, <http://www.bloomberg.com/news/articles/2016-10-20/union-booster-mary-kay-henry>

- According to California Governor Jerry Brown, California's new minimum wage law will increase the wage for about 6.5 million California residents which equates for a pay increase for 43% of the state's private sector workforce.<sup>140</sup>
- New York's minimum wage will lift the earnings of more than 2.3 million New Yorkers (29% of the state's private sector workforce) plus a 12 week paid family leave policy. According to Governor Andrew Cuomo, these policies will show the nation that New York is leading "the way forward on economic justice." Businesses in the New York metropolitan area that have high costs of living are likely to easily absorb \$15/hour, but smaller cities and rural areas with lower costs of living may not find it so easy. The New York minimum wage schedule for New York City is focused on "large business", which New York defines as businesses with a least 11 employees (employers with 11 employees are considered micro businesses by Jobenomics) and will start \$11 an hour in 2017 and increase to \$15 by 2019. For workers outside the NYC metro, minimum wage would start at \$9.70 in 2017, grow to \$12.50 in 2021 and continue to increase to \$15 based on an "indexed schedule" determined by the State.<sup>141</sup>

Rather than instituting a universal minimum wage, Jobenomics prefers workforce incentives and supplements that would encourage citizens—115 million below average wage earners, 15 million unemployed and underemployed workers, 16 million new workforce entrants per year and 95 million sidelined adults capable of working but choose not to work—to join the U.S. labor force. Incentives and supplements would include programs like a livable minimum wage in proportion to the local cost of living, temporary exemptions for internships, and a transition period to allow welfare recipients to keep a portion of their benefits as they transition to workfare. In other words, rather than funding people not to work, subsidize them to work by providing ways to bridge the gap between low wages and livable wages.

Building welfare to workfare "bridges" is only the first step. The next step involves building career paths (ladders) via certified training programs designed to quickly advance people up the initial steps of the ladder. The final step is to mass-produce highly-scalable small businesses—the employer of the vast majority of Americans, low income wage earners, new workforce entrants and the formerly unemployed—to provide meaningful ownership and long-term career opportunities for those that start their journey at the bottom rung of the ladder.

Stay tuned for the next installment in the President Trump's New Economy Challenge series entitled, **"The Trump Administration's Urban Renewal Imperative"** scheduled for release on 1 April 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20*

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<sup>140</sup> USA Today, \$15 minimum wage coming to New York, Calif., 5 April 2016, <http://www.usatoday.com/story/news/nation/2016/04/04/california-new-york-minimum-wage-hikes-signed-into-law/82617510/>

<sup>141</sup> New York State, News Release, Governor Cuomo Signs \$15 Minimum Wage Plan and 12 Week Paid Family Leave Policy into Law, 4 April 2016, <https://www.governor.ny.gov/news/governor-cuomo-signs-15-minimum-wage-plan-and-12-week-paid-family-leave-policy-law>



*million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*



## The Urban Renewal Imperative

President Trump's New Economy Challenge: Part 18 of 20



**Keywords:** *Presidential Transition, Cabinet Picks, Donald Trump, Trump Administration, President Trump's Urban Renewal Agenda, President Trump's Economic Plan, 25 Million New Jobs, Mike Pence, Ben Carson, Secretary of Housing and Urban Development, HUD, Minority-Owned Business, Women-Owned Business, U.S. Labor Force, Contingent Workforce, Digital Economy, Gig Economy, Baltimore, New York City, Harlem, Michel Faulkner, Mayor of New York, Phoenix, Jobenomics Erie, Erie*

President Trump's Economic Plan<sup>142</sup> estimates that the Trump Administration should be able to achieve a minimum of 3.5% annual growth that will produce 25 million new jobs this decade. Since 81% percent of all Americans reside in urban communities, the key to achieving 25 million new jobs resides predominantly with the Department of Housing and Urban Development. Ben Carson is therefore the key to success, especially in blighted communities. Restoration and redevelopment of blighted inner-cities is of paramount importance to America as well as fulfillment of President Trump's Urban Renewal Agenda<sup>143</sup>, in which President Trump promises "safe communities, great education, and high-paying jobs." As the Director of Neurosurgery at John Hopkins, Dr. Carson mastered and pioneered the restoration of people. As the HUD Secretary, his leadership and neurological skills are greatly needed to restore distressed communities.

Jobenomics produces two quarterly reports containing highly documented analyses on U.S. employment and unemployment. These reports describe the strategic relationship between (1) jobs and economics (Jobenomics), (2) the nexus between jobs and GDP, (3) the vital importance of the private sector labor force, (4) the balance between the working and non-working populations, (5) labor force gains versus labor force losses, (6) the criticality of small business on job creation and (7) the paramount importance of urban restoration and development.

The seventh area, the paramount importance of urban restoration and development, is where the rubber meets the road for President Trump's "Make America Great Again" vision. Over the last decade, trillions of dollars have been infused into the economy. The rich have gotten much richer, middle-class eroded and the inner-cities in crisis. As President Trump has repeatedly said on the campaign trail, urban renewal is one of his highest priorities. He has proposed a myriad of incentive programs<sup>144</sup> for urban restoration and development including \$1 trillion dollars in infrastructure investment with emphasis on inner-cities, tax holidays for inner-city investment, federal disaster designation for blighted communities, demolition of abandoned properties, increased law enforcement and equal justice, better schools and school choice, small-business creation and

<sup>142</sup> White House Website, <https://www.whitehouse.gov/bringing-back-jobs-and-growth>

<sup>143</sup> Trump/Pence Website, Urban Renewal Agenda, <https://www.donaldjtrump.com/press-releases/in-charlotte-trump-proposes-economic-renewal-for-americas-inner-cities1>

<sup>144</sup> Trump/Pence Website, Urban Renewal Agenda <https://www.donaldjtrump.com/press-releases/in-charlotte-trump-proposes-economic-renewal-for-americas-inner-cities1>





forgivable micro-loans. The Administration's point-person for urban renewal is Ben Carson, the new Secretary for Housing and Urban Development. Jobenomics could not be more pleased with this choice.

For years, Jobenomics has worked with dozens of blighted communities and their community leaders on urban renewal. New York City, Harlem, Baltimore, Erie, Las Vegas, Cincinnati, Raleigh, Orlando and Phoenix community leaders now are trying to implement actionable Jobenomics programs targeting the most blighted areas of their communities. Unlike the Trump Plan, Jobenomics focuses on small business development as opposed to job creation. Jobs do not create jobs, businesses do. Small businesses employ 78% of all Americans and created 74% of all new jobs this decade.

The Jobenomics Baltimore City initiative serves as a good example of what the Jobenomics National Grassroots Movement is trying to achieve with local communities. In April 2016, Jobenomics was contacted by West Baltimore community leaders in regard to developing a Jobenomics Baltimore small business and job creation plan.

Based on statistical research, neighborhood tours and meetings with West Baltimore community leaders, the Jobenomics Baltimore City team agreed to an overall goal of restoring Baltimore City's labor force, which would go a long way to increasing incomes, alleviating poverty and reducing crime.

The Jobenomics Baltimore City team decided on a **goal of 100,000 net new inner-city jobs** by 2026, which would reverse the downward trend of 89,000 job losses since 1990. The team also agreed on the principle that jobs do not create jobs, businesses do, especially small businesses that can support the needs of the local community. Consequently, it was decided that the Jobenomics Baltimore City's small business creation effort should focus primarily on minority, women and new workforce entrants—the demographics with the highest need and potential in West Baltimore and the City at large.

In addition to jobs, Jobenomics Community-Based Business Generators should be able to create as many as 2,000 new small businesses and significantly more self-employed businesses. The Business Generators will also provide post-startup support that will increase the lifespans of new businesses and support their growth into medium and large-sized businesses.

Baltimore City does not lack human resources to fulfill the Jobenomics Baltimore City plan. Over the next decade, a large percentage of the City's 96,000 new workforce entrants will enter the workforce ready for meaningful careers. A high percentage of Baltimore City's 62,000 unemployed who are looking for work may be able to finally land a job, the right job. A reasonable percentage of Baltimore City's 182,000 able-bodied adults who are no longer looking for work may decide to change their minds.

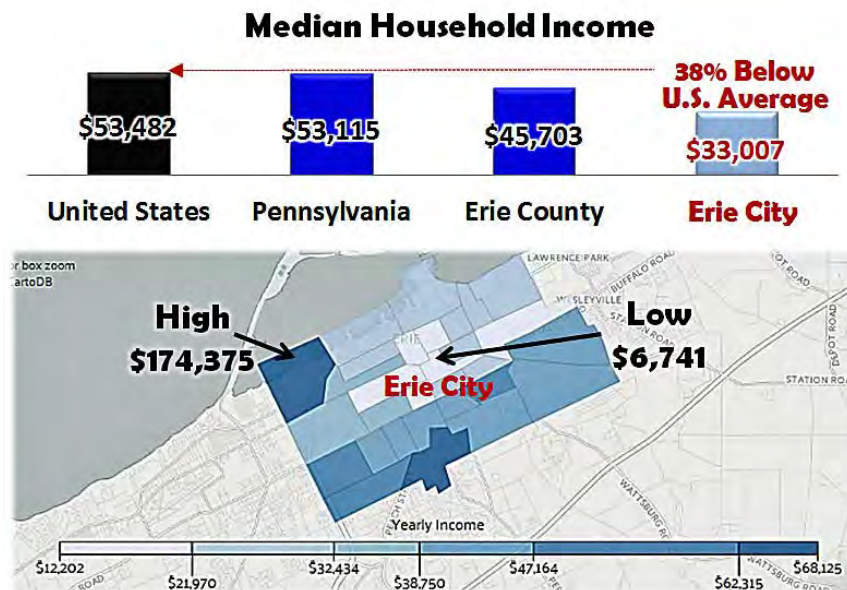
The Jobenomics Baltimore City plan has four major objectives. Out of the 100,000 net new jobs, 35% will be related to Manufacturing with emphasis on developing Under Armour's indirect workforce; 26% to Healthcare and Social Assistance with emphasis on healthcare, eldercare and childcare; 24% to Demolition and Construction with emphasis on restoring 30,000 city-owned derelict homes and

properties; and 16% to the emerging Digital Economy with emphasis on electronic/mobile commerce and on-demand economy initiatives (e.g., Uber, Airbnb, etc.).

Jobenomics estimates that the economic impact of the Jobenomics Baltimore City plan could exceed \$6 billion per year. 100,000 new jobs at an average salary of \$50,000 are worth \$5 billion a year alone. Construction, tourism, urban mining, renewable energy and light industrial projects would create additional revenue. Numerous new small businesses would provide long-term revenue to the city via sustainable jobs and viable careers.

Whether the Jobenomics Baltimore City plan will be realized is too early to predict. Fulfillment will be only achieved when consensus is achieved by community leaders. Today, only one thing is for sure. In the short nine months since inception, the Jobenomics Baltimore City plan has changed the economic development dialog from a project-by-project approach to a more strategic small business and labor force development approach focused on developing skills for those at the bottom of Baltimore's socioeconomic pyramid.

The Jobenomics Erie Program ([www.JobenomicsErie.com](http://www.JobenomicsErie.com)) serves as a good example on a smaller scale. Jobenomics Erie's focus is on mass producing micro-businesses and jobs with emphasis on inner-city Erie minorities, veterans, women, new workforce entrants and other hopefuls who want a job, career and those who are entrepreneurial enough to start their own small or self-employed business.



Over the next 5-years, Jobenomics Erie program goal is to create hundreds of micro-businesses that will produce 3,500 new direct jobs (not including indirect and induced jobs) with livable wages and viable long-term career opportunities over the next five years. Jobenomics Erie can offer 9,000 online skills-based training and certification programs to “create careers within a year”. If each direct new job generates two or three times as many indirect and induced local jobs, the total employment impact would equate to a total between 10,500 to 14,000 new jobs for Erie. 10,500 new jobs, at an average annual salary of \$50,000, would equate to an economic impact of \$525 million per year for Erie and Erie's metropolitan area.



Jobenomics Erie will be built on a two existing and well-respected Erie programs that serve inner-city Erie's most socially and financially challenged communities. The Total Change Re-Entry Program, developed by Climate Changers, a 501c3, addresses the challenges ex-offenders, gang members and at-risk youth by providing comprehensive skills and reentry programs. Veterans Miracle Center Erie, a 501c3, serves veterans by providing counseling, services, new clothing, products, housewares to those in need free of charge. In partnership with the Jobenomics National Grassroots Movement, The Hope Collection, ACTS Freedom Farms and eCyclingUSA, the Jobenomics Erie Program will introduce four new initiatives to accelerate these programs as well as expanding their outreach to other Erie demographics with the greatest need and highest potential.

The four new Jobenomics initiatives include: (1) a Jobenomics Community-Based Business Generator to identify, train, certify high-potential candidates for existing employment opportunities and mass-producing new micro-business in direct-care, digital economy, renewable energy and technical trades, (2) a Jobenomics/ACTS Freedom Farms Urban Agriculture initiative that will employ advanced indoor hydroponics and vertical farming technology to produce 150 one-acre urban micro-farms and a large 100,000 square foot indoor controlled agriculture complex using state-of-the-art hydroponic and vertical agriculture technology, (3) a Jobenomics Urban Mining initiative based on proven eCyclingUSA technology for reclaiming high-value material from electronic waste and using the profits to fund ongoing and additional Jobenomics Erie programs, and (4) a Jobenomics Workforce Re-Entry Program to create micro-businesses and jobs for formerly incarcerated, gang members and at-risk youth in order to reduce crime, deter social unrest and provide meaningful career opportunities to those who are often shunned, excluded or isolated from mainstream society.

At the high-end of the urban renewal scale, Jobenomics New York City plan's objective is to quadruple the historical rate of NYC new job creation (232,000 per decade) with a stretch goal of one million net new livable wage jobs by 2026 across all five boroughs of NYC. The J-NYC plan concentrates on (1) implementing community-based business generators throughout the NYC metropolitan area, (2) developing workforce skillsets to fill vacant NYC jobs, (3) exploiting employment opportunities with the largest and fastest growing NYC industries, (4) implementing new business and job creation initiatives tailored to the needs of New Yorkers and (5) positioning the NYC labor force for substantial opportunities generated by energy and network technology revolutions.

Jobenomics New York City is being led by Rev. Michel J. Faulkner a leading candidate for Mayor of New York City in the 2017 election cycle. His Campaign website is located at Faulkner for New York<sup>145</sup>, which features a detailed downloadable 62-page Jobenomics New York City Business and Job Creation Plan.<sup>146</sup>

Stay tuned for the final installment in the President Trump's New Economy Challenge series entitled, **"Trump Administration's Minority-Majority Nation Challenge"** scheduled for release on 4 April 2017.

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<sup>145</sup> <http://faulknerfornewyork.com>

<sup>146</sup> <http://faulknerfornewyork.com/wp-content/uploads/2016/06/Jobenomics.pdf>



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## 2044 Minority-Majority Nation

President Trump's New Economy Challenge: Part 19 of 20



**Keywords:** Presidential Transition, Donald Trump, Trump Administration, President Trump's Economic Plan, President Trump's Urban Renewal Agenda, President Trump's Economic Plan, 25 Million New Jobs, Minority-Owned Business, U.S. Labor Force, Census Bureau, Bureau of Labor Statistics, Whites, Blacks, Hispanics, Asians

President Trump's Economic Plan<sup>147</sup> estimates a 3.5% annual growth rate that will produce 25 million new jobs this decade. To do so, the Trump Administration will need full support and engagement of America's minorities to fulfill the President's Urban Renewal Agenda. Year 2011, marked the first year in U.S. history that minority births exceeded White births. In 2015, over 50% of all U.S. children aged 5 years old were minorities. By 2020, more than 50% of all U.S. children are expected to be part of a minority race or ethnic group. By 2044, America will be a minority-majority nation. California, Texas, New Mexico and Hawaii are already minority-majority states. Minority-owned businesses are already the fastest growing group in the American business community. Unleashing the potential power of minority business owners will greatly benefit the U.S. economy and help unite a race-divided nation.

As forecast by the U.S. Census Bureau, by 2044 minorities are projected to be in the majority (over 50% of the U.S. population) given current demographic growth rates.<sup>148</sup>

### Population Growth Rates by Race & Ethnicity

Source: US Census Bureau

|   | 2000        | 2014        | Growth Rate<br>2000-2014 | 2060        | Growth Rate<br>2014-2060 |
|---|-------------|-------------|--------------------------|-------------|--------------------------|
| <b>Total Population</b>   | 282,125,000 | 318,748,000 | <b>11%</b>               | 416,795,000 | <b>31%</b>               |
| <i>Sum of race groups adds to more than the total population because individuals may report more than one race.</i> |             |             |                          |             |                          |
| <b>White Non-Hispanic</b>   | 194,729,000 | 198,103,000 | <b>2%</b>                | 181,930,000 | <b>-8%</b>               |
| <b>Three Major Minority Groups</b>  |             |             |                          |             |                          |
| <b>Hispanic</b>   | 35,818,000  | 55,410,000  | <b>35%</b>               | 119,044,000 | <b>115%</b>              |
| <b>Black</b>  | 34,658,000  | 42,039,000  | <b>18%</b>               | 59,693,000  | <b>42%</b>               |
| <b>Asian</b>  | 10,684,000  | 17,083,000  | <b>37%</b>               | 38,965,000  | <b>128%</b>              |
| <b>Other Major Minority Groups</b>  |             |             |                          |             |                          |
| <b>Native American/Islanders</b>  | 2,874,791   | 4,691,000   | <b>39%</b>               | 6,801,000   | <b>45%</b>               |
| <b>Two or More Races</b>  | 6,826,228   | 7,995,000   | <b>15%</b>               | 26,022,000  | <b>225%</b>              |

<sup>147</sup> The White House, <https://www.whitehouse.gov/bringing-back-jobs-and-growth>

<sup>148</sup> U.S. Census Bureau, Projections of the Size and Composition of the U.S. Population: 2014 to 2060, March 2015, <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf>

From year 2000 to 2014, Whites grew only 2% since the turn of the Century as opposed to 37% for Asians, 35% Hispanics and 18% for Blacks. From year 2014 to 2060, the Census Bureau projects that Whites will decline by 8%, whereas Asians are projected to grow by 128%, followed by Hispanics at 115% and Blacks at 42%. The multiracial (officially “two or more races”) population is projected to grow by an incredible rate of 225%.

From a Jobenomics perspective, Americans spend entirely too much time debating income inequality and inequities between White-haves and minority-have-nots. As indicated by U.S. Census Bureau and U.S. Bureau of Labor Statistics data, the numbers of White-have-nots far exceed White-haves, and are comparable to minority-have-nots at the lower end of the wage scale. On the other hand, based on projected demographic trends, minority job and wealth creation is essential to American economic prosperity and social stability as the United States transitions from a White-majority nation to a minority-majority nation. The primary solution to enhancing minority labor force participation and increasing wealth in minority communities involves minority-owned business creation, which is growing significantly faster than White-owned businesses.

## Growth Rate of Minority-Owned Businesses

Source: U.S. Census Survey of Business Owners 2007 & 2015, Jobenomics Analysis, \$ Millions

| Ownership      | Year | Total Firms | Sales, Receipts, Shipment Value | Employer Firms | Sales, Receipts, Shipment Value |
|----------------|------|-------------|---------------------------------|----------------|---------------------------------|
| All U.S.       | 2007 | 27,092,908  | \$30,031,520                    | 5,735,562      | \$29,058,828                    |
|                | 2012 | 27,626,362  | \$33,537,004                    | 5,424,393      | \$32,478,441                    |
| Growth Rate    |      | 2%          | 12%                             | -5%            | 12%                             |
| White          | 2007 | 22,595,146  | \$10,240,991                    | 4,639,743      | \$9,406,549                     |
|                | 2012 | 21,748,125  | \$12,986,134                    | 4,523,536      | \$12,109,855                    |
| Growth Rate    |      | -4%         | 27%                             | -3%            | 29%                             |
| All Minorities | 2007 | 5,759,209   | \$1,024,802                     | 766,533        | \$860,492                       |
|                | 2012 | 7,996,226   | \$1,565,881                     | 923,140        | \$1,344,170                     |
| Growth Rate    |      | 39%         | 53%                             | 20%            | 56%                             |
| Hispanic       | 2007 | 2,260,269   | \$350,661                       | 248,852        | \$279,921                       |
|                | 2012 | 3,320,563   | \$517,362                       | 291,335        | \$423,005                       |
| Growth Rate    |      | 47%         | 48%                             | 17%            | 51%                             |
| Black          | 2007 | 1,921,864   | \$135,740                       | 106,566        | \$97,145                        |
|                | 2012 | 2,593,168   | \$187,638                       | 110,786        | \$140,542                       |
| Growth Rate    |      | 35%         | 38%                             | 4%             | 45%                             |
| Asian          | 2007 | 1,549,559   | \$506,048                       | 397,426        | \$453,574                       |
|                | 2012 | 1,937,368   | \$793,552                       | 489,387        | \$719,736                       |
| Growth Rate    |      | 25%         | 57%                             | 23%            | 59%                             |

The Census Bureau performs a Survey of Business Owners twice each decade.<sup>149</sup> The 2011 Survey was conducted for business owners in 2007 and the 2015 Survey for 2012 owners. This growth rate chart was developed by Jobenomics as a summary of these surveys to show the tremendous rate of

<sup>149</sup> U.S. Census Bureau, 2015 Survey of Business Owners, <http://www.census.gov/econ/sbo/getdata.html>

growth for minority-owned firms during the Great Recession of 2007 to 2009 and the period of slow U.S. economic growth during the post-recession recovery.

All U.S., White, Black, Asian, Hispanic and All Minority (including other racial and ethnic minorities) firms are shown. "Total Firms" include all firms from very big to very small nonemployer (e.g., the self-employed) businesses. "Employer Firms" employ a few to thousands of workers.

From 2007 to 2012, All U.S. "Total Firms" grew at 2%, White-owned firms decreased -4%, and All Minority-owned firms increased by 39%, which is incredible considering the austere times and onerous lending environment from financial institutions. During this time period, Hispanic-owned firms grew at 47%, followed by Black-owned at 35% and Asian-owned at 25%.

During the same period, All U.S. and White-owned "Employer Firms" downsized by -5% and -3% respectively. All Minority-, Hispanic-, Black- and Asian-owned firms grew by 20%, 17%, 4% and 23% respectively.

From 2007 to 2012, the total number of minority-owned firms grew 5.8 million to 8.0 million firms, a 39% increase mainly due to nonemployer/self-employed firm growth. In comparison, White-owned decreased during the same period.

The 2015 Census Bureau Survey of Business Owners also provides detail on sales, receipts and shipment values for all firms. Minority firms did extremely well. In 2007, All Minority-owned firms contributed approximately \$1 trillion to the U.S. economy. In 2012, this amount increased by a combined 53% to \$1.6 trillion. Asian-owned sales, receipts and shipment values increased during this period by 57%, followed by Hispanic-owned by 48% and Black-owned by 38%.

As the largest U.S. minority group, Hispanics are transforming the consumer landscape. Today, Hispanics control about \$1.3 trillion in buying power, which equates to significant cultural, economic and political power. This buying power is expected to grow reaching 10% of U.S. GDP by 2020. Hispanic Millennials (Generation Y) represent 27% of all Hispanics and 21% of the entire U.S. Millennial generation born between 1981 and 2000, ages 16 to 35 (Hispanic Generation Z, born after year 2000, represent 35% of all Hispanics). In key markets like Los Angeles, Miami, Houston, New York and Chicago, Hispanic Millennials represent up to 55% of all Millennials. Hispanic Millennials are also rapidly growing in markets not traditionally associated with the U.S. Hispanic community. Recent surveys of Hispanic Millennials indicate that 71% believe in the "American Dream" of upward mobility compared to 55% for non-Hispanic Millennials. 42% of Hispanic Millennials versus 23% of non-Hispanic Millennials believed that getting a postsecondary degree was a strong indicator of success. 47% of Hispanic Millennials see owning a business as an indicator of success versus 23% of non-Hispanic Millennials.<sup>150</sup>

Jobenomics sees tremendous future employment and revenue growth potential of minority-owned businesses given the significant rate of growth in minority populations and the rate of minority-

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<sup>150</sup> Hispanic Millennial Project, <http://www.hispanicmillennialproject.com/waves>





owned business expansion over the last five years. Jobenomics believes that doubling minority-owned businesses from 8 million to 16 million is achievable within a decade, if communities implement initiatives to mass-produce highly-scalable small and self-employed minority-owned businesses.

Stay tuned for the final installment in the President Trump's New Economy Challenge series entitled, **"Jobenomics Commitment to The Trump Administration"** scheduled for release on 7 April 2017.

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*

## Employment-Based Immigration

President Trump's New Economy Challenge: Part 20 of 20



**Keywords:** *Presidential Donald Trump, Trump Administration, Legal Immigration, Building the Wall, Undocumented Workers, Illegal Aliens, Partnership for a New American Economy, Elon Musk, Fortune 500, Forbes, Family-Based Immigration, Employment-Based Immigration, Skills-Based Immigration, Immigrant Visas, Nonimmigrant Visas, U.S. Visa, Permanent Residents, Green Card, Citizenship, Department of State, Counselor Affairs, Express Entry, Canada, Australia, United Kingdom, Organization for Economic Cooperation and Development, OECD, U.S. Labor Force, Business Development, Economic Development, Workforce Development, Employment*

The United States attracts the best and brightest people from other countries to study, work, become citizens and start businesses. In 2015, immigrant startup business entrepreneurs represent 27.5%, up from 12.5% in 1996. From a Jobenomics standpoint, this is a powerful statistic considering the far-reaching contribution of foreign-born immigrants and their children to American economic growth and prosperity.

According to a 2011 report by the Partnership for a New American Economy, immigrants or their children founded more than 40% of U.S. Fortune 500 companies—a compelling reason why high-skilled immigrants are so critical to U.S. economic growth. About 20% of the newest Fortune 500 companies founded between 1985 and 2010 have an immigrant founder. Many of America's greatest brands, Apple, Google, AT&T, Budweiser, Colgate, eBay, General Electric, IBM, and McDonald's, owe their origin to a founder who was an immigrant or the child of an immigrant. The Fortune 500 companies that boast immigrant or children-of-immigrant founders have combined revenues of \$4.2 trillion. \$1.7 trillion of that amount comes just from the companies founded by immigrants.<sup>151</sup>

Today's immigrants are equally impressive. Take Elon Musk, a South African-born Canadian-American, for example. In 1995, at age 24, Elon came to America to get a PhD at Stanford, in applied physics and material science to work on ultracapacitors for use in electric cars. He started work in Silicon Valley on an H-1B visa and was sworn in as an American citizen in 2002. Since his arrival in the United States, he founded Zip2, X.com/PayPal, SpaceX, Tesla Motors, Solar City, Hyperloop, OpenAI, The Boring Company and Neuralink. Today, he is listed as the world's 21<sup>st</sup> most powerful person and 80<sup>th</sup> wealthiest person by Forbes.<sup>152</sup> Elon Musk's role in business and job creation has had global impact well beyond the 30,000 American's he currently employs.

<sup>151</sup> Partnership for a New American Economy, The "New American" Fortune 500, June 2011, <http://www.renewoureconomy.org/sites/all/themes/pnae/img/new-american-fortune-500-june-2011.pdf>

<sup>152</sup> Forbes, The World's most Powerful People 2016, <https://www.forbes.com/powerful-people/list/#tab:overall>

The United States legal immigration is largely a family-based system. From an economic and labor force perspective, the United States needs to find ways to attract and retain foreign-born immigrants, like Elon Musk, via a legal employment-based immigration system. Employment-based immigration systems are also called a skills-based, talent-based, merit-based or points-based system used by many countries. Employment-based immigration systems give preference to exceptional individuals based upon criteria such as age; past experience; language ability, educational and technical skills; entrepreneurship, ability to start a business; and adaptability to assimilate.

Countries like Australia's General Skilled Migration, the United Kingdom's Highly Skilled Migrant Programme, Canada's Express Entry system, and New Zealand Skilled Migrant system are employment-based systems that use "point calculators" to determine eligibility. For the most part, these calculations are merits-based, but some add bonus points for having a close family relative living and/or productively working in the host country. These immigration systems are skills-oriented to "fast-track" highly-skilled immigrants to permanent resident status, whether it is a permanent work visa (aka Green Card in the United States) or citizenship.

**According to a recent tweet from President Trump, "The merit-based system is the way to go. Canada, Australia!"<sup>153</sup>**

The Government of Canada immigration website states that, "We choose skilled immigrants as **permanent residents** based on their ability to settle in Canada and take part in our economy. There is a new system to manage how people with skilled work experience apply to immigrate to Canada. It is called Express Entry."<sup>154</sup>

Express Entry is used to manage applications for permanent residence under the:

- Federal Skilled Worker Program (allows skilled professionals with significant work experience, employability, and adaptability to gain legal permanent residence in Canada),
- Federal Skilled Trades Program (allows skilled workers with experience in a selected number of trades to gain legal permanent residence in Canada), and
- Canadian Experience Class (a popular route to permanent residence for migrants with previous Canadian work experience, such as international students).

Australia uses its General Skilled Migration (aka Skillselect) program to attract migrants to alleviate general labor shortages and attract tradespeople and skilled professionals. Skillselect's point calculator evaluate potential visa applicants (work visas, student visas, etc.) a series of questions start with age, English competency (a score at least a "6" on all four components of the International English Language Testing System examination), post-secondary education or trade qualification (suitable to an assessment of a relevant Australian assessing authority), and necessary work

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<sup>153</sup> USA Today, Trump renews praise for Canada's 'merit' immigration system, 3 March 2017, <http://www.usatoday.com/story/news/world/2017/03/03/donald-trump-praises-canada-immigration-system-again/98685784/>

<sup>154</sup> Government of Canada, Immigrate as a skilled worker through Express Entry, <http://www.cic.gc.ca/english/immigrate/skilled/index.asp>

experience in an applicants nominated occupation (as listed on the Australian Skilled Occupation List).<sup>155</sup>

Most of the 5+ million open job positions in the United States are likely to remain unfilled due to a lack of domestic skills. While Jobenomics advocates implementation of a national lifelong applied learning and skills-based training/certification program to upgrade the skills of domestic workers, the United States also needs to recruit and retain global talent since the American education system is not producing the kind of workforce skill sets necessary for a competitive society.

The United States spends much more money and time per student than most countries. Unfortunately, these expenditures do not translate into better performance or competitiveness. According to the Organization for Economic Cooperation and Development<sup>156</sup>, “students in the United States have particular weaknesses in performing mathematics tasks with higher cognitive demands, such as taking real-world situations, translating them into mathematical terms, and interpreting mathematical aspects in real-world problems.” Among the 34 advanced economies in the OECD, the United States ranked 17<sup>th</sup> in reading, 20<sup>th</sup> in science and 27<sup>th</sup> in math.

Despite all the political rhetoric about U.S. immigration, comprehensive immigration reform, illegal aliens/undocumented workers and legal immigration, the American populace is mostly uniformed or undereducated about the importance of attracting the best and brightest people from other countries to study, work, become citizens and start businesses in the United States.

Most Americans would be surprised to find that the Bureau of Labor Statistics reports that there are 26,258,000 foreign-born persons in the U.S. labor force, comprising 16.7% of the total 157,130,000 American workforce (49% Hispanics, 24% Asian, 18% White and 9% Black) as of 2015. The foreign-born include legally-admitted immigrants, refugees, temporary residents such as students and temporary workers **and** undocumented immigrants.<sup>157</sup>

The U.S. Department of Homeland Security estimates the unauthorized immigrant population at 11.4 million up from 8.5 million in 2000 and 2-4 million in 1980.<sup>158</sup> Consequently, there are approximately 15 million legal foreign-born U.S. residents that are increasing a rate of 1-million people per year.

### **Persons Obtaining Lawful U.S. Permanent Resident Status**

*Source: U.S. Department of Homeland Security, 2015 Yearbook of Immigration Statistics*

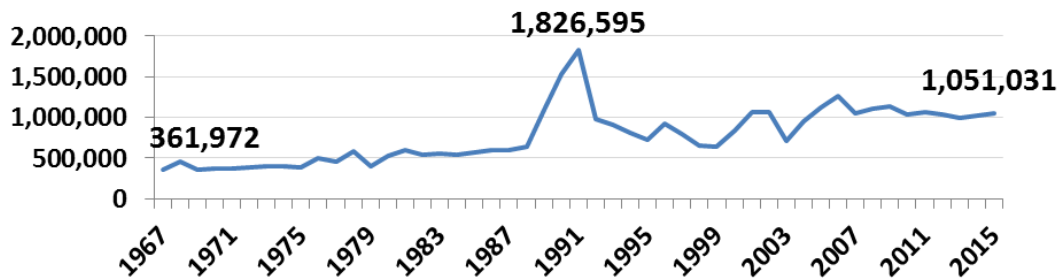
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<sup>155</sup> Australia Skilled Immigration Points Calculator, <http://www.workpermit.com/immigration/australia/australia-skilled-immigration-points-calculator>

<sup>156</sup> OECD, <https://www.oecd.org/unitedstates/PISA-2012-results-US.pdf>

<sup>157</sup> BLS, Labor Force Characteristics of Foreign-born Workers Summary, 19 May 2016 (latest report retrieved April 2017) <https://www.bls.gov/news.release/forbrn.nr0.htm>

<sup>158</sup> DHS, Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2012 (latest report retrieved April 2017), [https://www.dhs.gov/sites/default/files/publications/Unauthorized%20Immigrant%20Population%20Estimates%20in%20the%20US%20January%202012\\_0.pdf](https://www.dhs.gov/sites/default/files/publications/Unauthorized%20Immigrant%20Population%20Estimates%20in%20the%20US%20January%202012_0.pdf)



There were 1,051,031 new lawful permanent U.S. residents in 2015. After immigrating to the United States, legal permanent residency (green card holder) is the first necessary step to becoming a U.S. citizen—the highest status of citizenship attainable. Being a valid green card holder means that allows a person to permanently reside in the United States, have lawful rights to work, and petition for family members to receive green card status. After 5+ years of good legal standing, a green card holder can apply for U.S. citizenship (naturalization). Other ways of becoming a citizen is by being born in the United States (aka “anchor babies”), being born overseas to a United States Citizen parent, living in the United States as a child when a parent undergoes naturalization, and joining the United States armed forces.

## Categories of Immigrant Visas (IM) Leading To Permanent Residency

| Classes of U.S. Immigrant Visas (IV) Issued In 2016          |                |             |
|--|----------------|-------------|
| Source: U.S. Department of State, Bureau of Consular Affairs |                |             |
| Family-Based   |                |             |
| Immediate Relatives  | 315,352        | 51%         |
| Family Sponsored Preference                                  | 215,498        | 35%         |
| Vietnam Amerasian Immigrants                                 | 6              | 0%          |
| Subtotal   | 530,856        | 86%         |
| Employment-Based   |                |             |
| Employment-Based Preference                                  | 25,056         | 4%          |
| Special  |                |             |
| Diversity Immigrants   | 45,664         | 7%          |
| Special Immigrants (e.g., certain Iraqis or Afghans)         | 16,176         | 3%          |
| Armed Forces Special Immigrants                              | 0              | 0%          |
| Subtotal   | 61,840         | 10%         |
| <b>Total Immigrant Visas (IM) Issued</b>                     | <b>617,752</b> | <b>100%</b> |

In order to become a permanent U.S. resident, one must first come to the United States. According to the U.S. State Department, a citizen of a foreign country who seeks to enter the United States generally must first obtain a U.S. visa, which is placed in the traveler’s passport, a travel document issued by the traveler’s country of citizenship.<sup>159</sup> While there are about 185 different types of visas, there are two main categories of U.S. visas: Immigrant Visas (IM) and Nonimmigrant Visas (NIV). An Immigrant Visa is issued to a person wishing to live permanently in the United States. A

<sup>159</sup> U.S. Department of State, Bureau of Consular Affairs, U.S. Visas, <https://travel.state.gov/content/visas/en/general/frequently-asked-questions/what-is-a-u-s-visa.html>

Nonimmigrant Visa is issued to a person with permanent residence outside the United States, but wishes to be in the United States on a temporary basis such as tourism, medical treatment, business, temporary work and/or study.

With a few exceptions, a foreign citizen must be sponsored by a U.S. citizen relative, U.S. lawful permanent resident, or a prospective employer to obtain an immigrant visa. The sponsor begins the immigration process by filing a petition on the foreign citizen's behalf with U.S. Citizenship and Immigration Services (USCIS). 86% of all Immigrant Visa issued in 2016 were family-based, 10% were for special reasons such as conflict-related services and a diversity "lottery" to attract immigrants with low rates of immigration to the United States, and, lastly, 4% were employment-based. As discussed earlier, other countries like Canada, United Kingdom and Australia, prioritize employment-based immigration as the primary and fastest route to legal permanent residency.

According to the State Department,<sup>160</sup> there are two primary Family-Based Immigrant Visas: Immediate Relative Immigrant Visas and Family Preference Immigrant Visas. There is no limit on Immediate Relative immigrant visas nor are there any restrictions same-sex spouses. For the family preference category there are four preferences each with a fiscal year limitation: (F1) unmarried children of U.S. citizens and their children, 23,400, (F2) spouses, minor children, and unmarried sons and daughters of a lawful permanent resident, 114,200, (F3) married sons and daughters of U.S. citizens, and their spouses and minor children, 23,400, and (F4) brothers and sisters of U.S. citizens, and their spouses and minor children, 65,000.

### Employment-Based IM Visas

| <b>Employment-Based Immigrant Visa Program</b>                      |  |
|---|--|
| <i>Source: U.S. Department of State, Bureau of Consular Affairs</i> |  |
| <b>E1</b>   | <b>Priority Workers</b>  |
|   | <ul style="list-style-type: none"> <li>• Persons with extraordinary ability</li> <li>• Outstanding professors and researchers</li> <li>• Multinational managers or executives</li> </ul> |
| <b>E2</b>   | <b>Professionals</b> Holding Advanced Degrees and Persons of Exceptional Ability   |
| <b>E3</b>   | <b>Skilled Workers, Professionals and Unskilled Workers</b> that are not temporary or seasonal workers   |
| <b>E4</b>   | <b>Certain Special Immigrants</b> such as international broadcasters and former U.S. government employees  |
| <b>E5</b>   | <b>Immigrant Investors</b> for capital investment in new commercial enterprises in the United States which provide job creation.   |

According to the State Department,<sup>161</sup> there are five Employment-Based Immigrant Visas: E1 through E5. Approximately 140,000 employment-based immigrant visas are made available each year to

<sup>160</sup> U.S. Department of State, Bureau of Consular Affairs, Family-Based Immigrant Visas, <https://travel.state.gov/content/visas/en/immigrate/family/family-preference.html#1>

<sup>161</sup> U.S. Department of State, Bureau of Consular Affairs, Employment-Based Immigrant Visa, <https://travel.state.gov/content/visas/en/immigrate/employment.html#overview>

qualified applicants in five preference categories shown above. For some unexplained reason, only 25,000 Employment-Based Immigrant Visas were issued in 2016. From a Jobenomics perspective, 25,000 Employment-Based Immigrant Visas out of a total of 617,228 total Immigrant Visas (4%) is borderline criminal behavior from an economic and labor force perspective. At best, this activity is tantamount to an intellectual capital embargo in an era where the United States is failing to fill over 5 million high-skilled domestic job openings and competing for its fair share of billions of global jobs in the Network Technology Revolution.

It is worthy to re-emphasize the fact that the Network Technology Revolution is facilitating an explosion in the emerging digital economy. The McKinsey Global Institute (MGI) lists twelve disruptive NTR technologies that will affect billions of consumers and workers, and inject a hundred trillion dollars' worth of economic activity into the global digital economy by 2025.<sup>162</sup> If MGI predictions are realized, the global economic impact of these disruptive technologies would amount to \$124 trillion that is roughly equal to today's standard economy.<sup>163</sup> Among the 34 advanced economies, the United States ranks 17<sup>th</sup> in reading, 20<sup>th</sup> in science and 27<sup>th</sup> in math—the disciplines required to populate the U.S. labor force with domestic workers with cognitive skills needed to solve real-world problems and provide enough digital-savvy humans to compete in the emerging digital economy. No wonder that the major Information, Network and Digital Platform companies are moving overseas or enhancing their foreign operations where the technical skills are the highest.

### ABC's of Temporary Nonimmigrant Visas (NIV)

| Classes of Nonimmigrant Visas (NIV) Issued In 2016           |   |            |     |
|--|---|------------|-----|
| Source: U.S. Department of State, Bureau of Consular Affairs |   |            |     |
| A  | Foreign Government Official                 | 113,581    |     |
| B  | Temporary Visitor for Business and Pleasure | 8,072,189  | 78% |
| C/D  | Transit/Crew                                | 331,514    |     |
| E  | Treaty Trader or Investor                   | 64,329     | 1%  |
| F  | Student                                     | 502,214    | 5%  |
| G/N  | NAFTA/NATO/International Organization Staff | 103,872    |     |
| H  | Temporary Worker and Trainee                | 532,832    | 5%  |
| I  | Foreign Information Media                   | 14,536     |     |
| J  | Exchange Visitor                            | 380,120    | 4%  |
| K  | Fiance(e) of U.S. Citizen                   | 44,252     |     |
| L  | Intracompany Transferee                     | 165,178    |     |
| M  | Vocational Student                          | 10,694     | 1%  |
| O  | Person With Extraordinary Ability           | 28,171     | 2%  |
| P  | Athlete, Artist or Entertainer              | 35,695     | 2%  |
| Q, R, S, T, U  | Cultural, Religious, Informants, Victims    | 10,485     |     |
| Jobenomics Special Interest Group                            |   | 1,554,055  | 19% |
| Total Nonimmigrant Visas (NIV) Issued                        |   | 10,381,491 |     |

<sup>162</sup> McKinsey Global Institute, Disruptive technologies: Advances that will transform life, business, and the global economy, May 2013, <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/disruptive-technologies>

<sup>163</sup> International Monetary Fund, World Economic Outlook, April 2016, <https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx>





Over 10 million people visited the United States for business or pleasure in 2016. Over 8 million or 78% (highlighted in green above) are temporary visitors for business or/and pleasure. Due to our enhanced security and perceived anti-immigration policies, the number of "B Visa" visitors dropped over the previous year by 6% or 481,000 visitors. This drop is significant not only from tourist expenditures but decreased business meeting and social contact.

Highlighted in yellow are the E, F, H, J, M, O and P nonimmigrant visa categories of special interest to Jobenomics from a workforce and business development perspective. Persons With Extraordinary Ability (O-visa) who are visiting temporarily should be given the red-carpet treatment and a fast-track to a green card if desired. To a lesser extent, the same should be true for talented or high-potential visitors, students, workers and trainees F, J, H, M and P categories. These 1,554,055 visitors by the very nature of their interest in America (education, training and work) would likely make great additions to the American labor pool and society. Moreover, they probably represent the top 5% in the global gene-pool.

In summary, foreign-born citizens tend to be more entrepreneurial than native Americans. Since the U.S. economy needs more entrepreneurs, startup businesses and skilled labor, it would be logical to promote legal immigration from an Employment-Based Preference Immigration Visa standpoint as well as a skills-based recruiting and retaining perspective on Nonimmigrant Visa holders. Far too many talented foreign graduates from American colleges and universities are not afforded a green card opportunity and are forced to overstay their visa (making them illegals) or return home. From a Jobenomics perspective, the American immigration system is upside-down. Too much attention is afforded to illegal immigration and not enough to legal immigration. In the realm of legal immigration the emphasis should shift from an 86% Family-Based Preference and 4% Employment-Based Preference to a more balanced 50%/50% emphasis.

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## President Trump's Biggest Deal Ever

President Trump's New Economy Challenge (Epilogue).



**Keywords:** *Presidential Donald Trump, Trump Administration, Fred Trump, President Trump's Economic Plan, President Trump's Urban Renewal Agenda, Drain the Swamp, Political Divide Art of the Deal, Make America Great Again, President Trump's Economic Plan, 25 Million New Jobs, 4% GDP, Draining The Swamp, Washington DC, Inner-Cities, U.S. Labor Force, Business Development, Economic Development, Workforce Development, Employment, Unemployment, Workfare, Welfare*

Jobenomics is a nonpartisan and pro-president (regardless of party or personality) organization with a readership of millions of people. Since Jobenomics deals with jobs and economics, its constituency is very interested in President Trump and the Trump Administration's Economic and Job Creation Plan, which is the subject of this 130-page, 20-part series entitled President Trump's New Economy Challenge that is available free for yearly subscribers or for purchase. From a Jobenomics perspective, the Trump Administration's Economic and Job Creation Plan<sup>164</sup> dual goals of (1) producing 25 million new jobs and (2) achieving an average 4% GDP growth over the next ten years is an admirable goal that will be difficult to achieve as currently proffered to the American public. This 20-part series addresses four major economic/business/workforce development areas where the President's plan falls short. These areas are:

- Balancing the old traditional standard industrial economy with the newly emerging nonstandard digital economy,
- Mitigating the mass-exodus of able-bodied workers who are voluntarily departing the U.S. labor force for lives of dependency or alternative lifestyles,
- Addressing the challenge of the ever growing contingency workforce that will soon be the dominate form of labor in the United States, and
- Mass-producing small and self-employed businesses—the engine of the U.S. economy—and the employer of the vast majority of Americans.

The Trump Plan can easily be amended to ameliorate these perceived shortfalls. With proper leadership, the Administration can lift tens of millions of Americans out of poverty and make America greater than ever before, person-by-person.

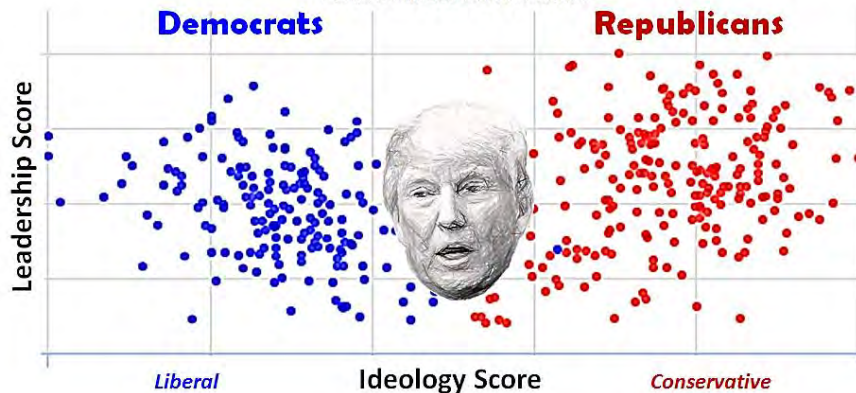
Making these four structural changes to his economic and job creation plan will be relatively easy compared to extraditing a President who is becoming increasingly mired in the Washington swamp. Economic and job growth will ultimately determine the legitimacy of the Trump Administration. If President Trump achieves his bold plan, he will not only fulfill his vow to Make America Great Again but he will prove to be clairvoyant Washington outsider who overcame a historical level of resistance and animosity from a polarized Congress and electorate.

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<sup>164</sup> White House Website, <https://www.whitehouse.gov/bringing-back-jobs-and-growth>

## Washington's Political Ideological Divide<sup>165</sup>

U.S. House of Representatives Bill Cosponsorship 3 Jan 2013 to 29 Mar 2017  
Data Source: GovTrack.us

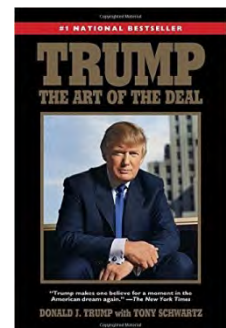


Unfortunately for the Trump Administration, the political ideological divide is so wide and acrimonious that “draining the swamp” in Washington may not produce an adequate return on investment compared to draining the swamps in other inner-city communities across America. Donald J. Trump is a Washington outsider. Rather than depleting his energy on rope-a-doping Washingtonians, the President should focus his economic and job creation efforts on urban economic, business and workforce development. Blighted and economically-depressed inner-cities present an ideal opportunity for executing Trump’s economic and job creation vision without the political polarization that exists in Washington. Jobenomics’ inner-city initiatives are supported by both Democrats and Republicans who are concerned for underserved and marginalized communities.

To a large degree, President Trump’s success will depend largely on him getting out of Washington and back to his roots and passion in urban renewal.

Early in Donald Trump business career, he decided that he “out to build something monumental.”<sup>166</sup> He did. Now Donald Trump has set his sights on “Making America Great Again.” From his perspective, making America great again involves producing more goods and services (4% average GDP over the next 10-years) via a productive and competitive labor force (25 million new jobs in the next 10-years). Since 81% of all Americans (260 million people) live in urban areas, urban Americans should consume the vast amount of the President’s time and attention. President Trump is great at generating enthusiasm at Trump inner-city rallies. Unlike Washington, these rallies imbue him with a renewed sense of purpose and energy.

The United States has over 300 cities with populations over 100,000 people, many of whom are living in blighted quagmires. Trump’s **biggest deal ever** could involve lifting beleaguered citizens stuck at the very bottom of America’s socioeconomic pyramid out of poverty and into prosperity. In Trump’s own words in *The Art of the Deal*—his 1987 book that topped the New Times Best Seller list for 48 weeks—



<sup>165</sup> GovTrack, Ideology Analysis of Members of Congress, 29 March 2017, <https://www.govtrack.us/about/analysis#ideology>

<sup>166</sup> Donald J. Trump, *The Art of the Deal*, Chapter 2 Trump Card; *The Elements of Deal*, Pages 46-47

“Deals are my art form. Other people paint beautifully on canvas or write wonderful poetry. I like making deals, **preferably big deals.**”<sup>167</sup> By lifting tens of millions of poor out of poverty, the Trump Administration will inspire all Americans. President Kennedy inspired America to a higher cause by promising to place a man on the moon in ten years. President Trump’s promise to create 25 million new jobs in ten years should start with the people who need it the most.

Trump’s style of deal-making is straightforward. “I aim very high, and then I just keep pushing and pushing and pushing to get what I’m after. Sometimes I settle for less than I sought, but in most cases I still end up with what I want.”<sup>168</sup> From a Jobenomics perspective, if President Trump focuses his attention solely on Washington, he probably will have to settle for much less than he sought because bureaucrats are skilled at delaying and running activist presidents out of time.

President Trump has learned from his many deals that it takes as much energy to manage a little deal as a big deal that has a much grander upside. Urban renewal has a huge upside. During his campaign, Candidate Trump articulated his Urban Renewal Agenda to an African-American audience in Charlotte, North Carolina.<sup>169</sup> “It is great to be here in Charlotte to discuss an issue that means so much to me. That is the issue of urban renewal, and the rebuilding of our inner cities...and to provide a new deal for Black America.

The new deal for Black America is grounded in three promises: safe communities, great education, and high-paying jobs.” This deal also includes “tax holidays for inner-city investment”, “new tax incentives to get foreign companies to relocate in blighted American neighborhoods”, “federal disaster designation for blighted communities in order to initiate the rebuilding of vital infrastructure, the demolition of abandoned properties, and the increased presence of law enforcement”, “financial reforms for credit to pursue their dreams in business and create jobs” and “encourage small-business creation by allowing social welfare workers to convert poverty assistance into repayable but forgivable micro-loans.” Mr. President, you made this speech in October 2016. Now that your Cabinet is largely complete and your agenda is set, now is time to get out of Washington and back to your roots in demolition, renovation and reconstruction of blighted communities.

A person’s perspective is shaped by their life experiences. Donald Trump is no exception.

- “The most important influence on me, growing up, was my father, Fred Trump. I learned a lot from him. I learned about toughness in a very tough business.”<sup>170</sup> The tough business that young Donald experienced at his father’s side was in building rent-controlled and rent-stabilized housing units in the meanest and roughest neighborhoods in Queens and Brooklyn, New York. According to young Donald, “you made it in my father’s business by being very tough and very relentless.”<sup>171</sup>

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<sup>167</sup> Donald J. Trump, *The Art of the Deal*, Chapter 1, *Dealing: A Week in the Life*, Page 1

<sup>168</sup> Donald J. Trump, *The Art of the Deal*, Chapter 2 *Trump Card; The Elements of Deal*, Page 45

<sup>169</sup> Trump Pence Website, *In Charlotte, Trump Proposes Urban Renewal Agenda For America’s Inner Cities*, 16 October 2016, <https://www.donaldjtrump.com/press-releases/in-charlotte-trump-proposes-economic-renewal-for-americas-inner-cities1>

<sup>170</sup> Donald J. Trump, *The Art of the Deal*, Chapter 3, *Growing Up*, Page 65

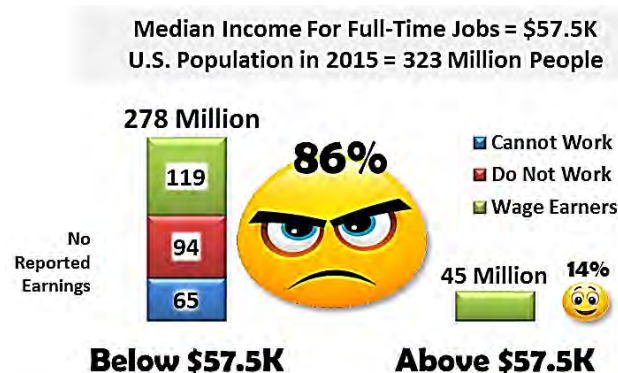
<sup>171</sup> Donald J. Trump, *The Art of the Deal*, Chapter 3, *Growing Up*, Page 74

- While in still college, Donald’s “first big deal” was rehabilitating a bankrupt and rundown 1,200-unit apartment development in government foreclosure in Cincinnati, Ohio.
- After college, young Donald moved to Manhattan in search of his next big deal. He found two potentially two very big deals that no one thought possible: (1) a huge abandoned railyard along the Hudson River, and (2) a “run-down”, “dingy”, “absolutely filthy” hotel near Grand Central Station in a neighborhood characterized by “boarded-up storefronts,” “derelicts lying in the doorways” and a “sleazy flea market.”<sup>172</sup> Defying all odds, young Trump doggedly pursued these two deals until they were resounding successes.

While there have been many subsequent deals, both successful and unsuccessful, these initial deals were foundational in forming Donald Trump’s character and President Trump’s vision regarding how to make America great again. Donald Trump’s foundational life experiences point to the fact that he is a deal-maker at his core. He specializes in taking derelict issues and creating sometime grander. Many people argue that his methods are too controversial often bordering on outrageous due to his forceful ways and persona. Trump acknowledges this and understands the consequences of his bravado. In Trump’s own words, “You can’t be scared. You do your thing, you hold your ground, you stand up tall, and whatever happens, happens.”<sup>173</sup>

From a Jobenomics perspective, Donald Trump is much more of an entrepreneur than a politician. An entrepreneur tends to be intuitive, risk-taking and deal-making. Politicians usually pursue a path of risk-avoidance, consensus-making and number-crunching. President Trump has the disposition, skills, dauntlessness and forcefulness to do a really big deal—**perhaps the biggest American deal ever**—by raising over 100 million inner-city low or no wage earners out of poverty or near poverty via a massive urban renewal program.

## Raising 100 Million Inner-City Low Or No Wage Earners Out Of Poverty?



Raising 100 million inner-city low or no wage earners out of poverty or near poverty may seem like an exaggerated or hypothetical goal. It isn’t. According to the U.S. Census Bureau’s 2015 Annual Social and Economic Supplement,<sup>174</sup> out a total of 323 million Americans, only 45 million (14%), made

<sup>172</sup> Donald J. Trump, The Art of the Deal, Chapter 6, Grand Hotel; Reviving 42<sup>nd</sup> Street, Page 120

<sup>173</sup> Donald J. Trump, The Art of the Deal, Chapter 4, The Cincinnati Kid: Prudence Pays, Page 89

<sup>174</sup> U.S. Census Bureau, 2015 Annual Social and Economic Supplement, PINC-05, Work Experience in 2015--People 15 Years Old and Over by Total Money Earnings in 2015, <http://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-05.html>



above mean earnings in 2015. In other words, 278 million (86%) of all Americans make below mean earnings or no earnings at all. Consequently raising incomes and reinstating the American dream for 100 million inner-city denizens may not be a bridge-to-far or too audacious goal for a guy like Donald J. Trump and the super-business executives in the Trump Administration.

A massive urban renewal program would include all of the Trump Administration economic and job creation plan sweeping reforms in tax, regulatory policies, trade, energy and infrastructure. It also would fulfill much of President Trump's minority, security, crime and illegal immigration promises.

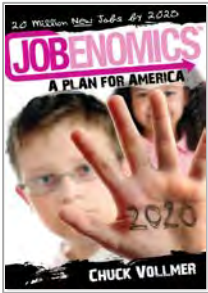
Jobenomics pledges its support and resources for a big deal of this magnitude and believes that President Trump is uniquely qualified to pull off such a really big deal in America's inner-cities as opposed to the morass in Washington. For decades Washington DC historians have been trying to put to rest the idea that the city was built on a swamp. Donald Trump's pledge to drain the Washington swamp will likely be equality hard to put to rest. So, why spend the energy in Washington when inner-city denizens across our nation would welcome a bull-in-a-china-shop approach to breaking down barriers that are constraining so many Americans.

Thank you for reading this President Trump's New Economy Challenge series. Standby for the next series entitled "U.S. Workforce Education and Training Challenge."

**About Jobenomics:** *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs. Monthly website traffic exceeds one-half million hits, which is indicative of the high level of public interest regarding economic, business, labor force and workfare solutions. For more information, see [Jobenomics Overview](#) and the [Author's Biography](#).*



## Jobenomics Overview



**Jobenomics** (*Jobs + economics*) deals with the process of creating and mass-producing small businesses and jobs. Jobenomics National Grassroots Movement's goal is to facilitate creation of 20 million net new U.S. jobs within a decade. The Movement has a following of 20 million people. Jobenomics regularly updates its six books and hundreds comprehensive reports for its members to keep current on the latest national and international economic, business and workforce development issues, trends and solutions. Jobenomics also provides advice and timely data to policy- and decision-makers worldwide. Over the last few years,

Jobenomics met with over 1,000 government, business and community leaders and incorporated the best of their ideas and requirements in to Jobenomics initiatives and programs. Today, a dozen cities and states have started Jobenomics initiatives led by local community leaders. Another dozen are in the pipeline. These initiatives focus on citizens at the base of America's socioeconomic pyramid with emphasis on women, minorities, youth, veterans and other hopefuls who want to work or start a business. While Jobenomics is designed as an American business and job creation movement, there is significant interest from Asian, Middle East and African nations to start similar movements.

**Key Focus Areas.** While Jobenomics supports big business and government job creation efforts, its principal focus is on highly-scalable small and self-employed businesses that employ 80% of all Americans and produced 80% of all new jobs this decade. Jobenomics is working with numerous national organizations to implement Jobenomics Community-Based Business Generators to mass-produce startup businesses. Special focus areas include: Digital Economy, Next Generation Energy Systems, Workforce Education and Training, Welfare to Workfare, Urban Restoration, Urban Mining, Contingency Workers, Green Jobs, Indoor Farming and numerous policy and technology analyses.

**National-Level Initiatives.** Jobenomics is leading four national-level initiatives; Energy Technology Revolution, Network Technology Revolution, Urban Mining and Rural/Urban Micro Farming. These initiatives could create tens of millions net new American jobs and billions globally.

- The 160-page Jobenomics Energy Technology Revolution report addresses emerging energy technologies, processes and systems that will transform the global energy mix and create tens of millions of net new U.S. jobs. Communities that have an ETR strategy will claim the bulk of these jobs and to make their communities to be much more energy efficient and affordable.
- The 200-page Network Technology Revolution report addresses next generation network and digital technologies that will transform economies and the way we live, work and play. The NTR could produce tens of millions of net new U.S. jobs and millions of small businesses. On the other hand, via automation, the NTR has the potential to obsolete tens of millions of existing U.S. jobs.
- Jobenomics' Urban Mining initiative helps communities monetize waste streams to create jobs and businesses. As part of this initiative, Jobenomics established eCyclingUSA ([www.eCyclingUSA.com](http://www.eCyclingUSA.com)) to implement turnkey plants to reclaim high value metals from electronic waste streams and use profits to fund Jobenomics Community-Based Business Generators. Detailed plans are available.



- Jobenomics is partnered with ACTS Freedom Farms ([www.actsffa.com](http://www.actsffa.com)) produce 25,000 highly-scalable U.S. micro-farms, employing over 100,000 new U.S. jobs in the next five years. These micro-farms feature state-of-the-art hydroponic and vertical agricultural technology in a controlled environment to grow high-quality organic agricultural products. Comprehensive plans are available.

## About the Author



Chuck Vollmer is the author and founder of Jobenomics. *Jobenomics*, the book, deals with the economics of business and job creation. Jobenomics produces a series of other comprehensive books and reports including 200-page quarterly employment and unemployment analyses that address U.S. labor force issues, emerging business trends and economic growth. Jobenomics, the National Grassroots Movement, has a goal of creating 20 million net new US private sector jobs over the next decade. The Movement has a following of an estimated 15 million people. *Jobenomics.com* averages 500,000 monthly hits and is growing at a rate of 400% per year.

Jobenomics national-level initiatives include the Energy Technology Revolution, Network Technology Revolution, Urban Mining and Agricultural America. Jobenomics' city and state programs include Jobenomics New York City (1,000,000 net new jobs by 2026 across all five NYC boroughs), Jobenomics Baltimore City (100,000 net new jobs by 2026 with emphasis on financially and socially distressed West Baltimore), Jobenomics Delaware, Jobenomics North Carolina, Jobenomics Southern Maryland and Jobenomics Workforce Reentry Center-Phoenix (focused on creating employment opportunities for ex-offenders, gang member and at-risk youth). Other state and city programs are also in development. Mr. Vollmer is the CEO of eCyclingUSA, which is part of the Jobenomics Urban Mining Initiative to reclaim high-value materials from electronic waste items and use the proceeds to finance highly-scalable startup businesses. He is the Vice Chairman of ACTS Freedom Farms Advisory Board, an organization dedicated to producing 25,000 veteran-owned U.S. micro-farms employing 100,000 people in the next five years.

In 1996 to present, Mr. Vollmer founded VII Inc., a strategic planning, systems engineering and investment capital firm specializing in government and business initiatives. VII's clients include major domestic and international government agencies and corporations. Mr. Vollmer regularly works with U.S. Congress, Department of Defense and government officials. He authored the US Air Force's VECTORS and Global Information Operations efforts, the National Guard's VANGUARD campaign, and the Rapid Dominance and Shock & Awe concepts. Corporations include numerous Fortune 50 companies. He also helps innovators and entrepreneurs start small businesses. VII Enterprise Solutions designed and maintained data networks for 20 U.S. Passport Agency data centers.

From 1999 to 2007, Mr. Vollmer was under contract to the U.S. Central Command to assist moderate Arab leaders to develop strategies and operational concepts for coalition building regarding the war on terror. In this capacity, he developed several hundred U.S./Arab strategy and policy documents and led twelve symposia in the Middle East attended by officials in the Arab Gulf, Europe and the United States. Four additional symposia dealt with international Information Operations, Computer

Network Defense, Network Centric Warfare and C4ISR. He frequently lectures on the MidEast, Islam, Arabs and cooperative engagement. He is on the Advisory Board of the International Center for Religion & Diplomacy, a nonprofit dedicated to conflict prevention and resolution.

From 1991 to 1996, Mr. Vollmer was a Partner at Booz Allen & Hamilton. He organized and managed one of the largest U.S. consortiums involved with industry privatization in the former Soviet Union. These consortiums accomplished the largest privatization effort in history converting over 70% of state-owned industries to private enterprises. He was a co-founder of the Community Learning and Information Network a distance-learning corporation that has installed several hundred sites across America. Mr. Vollmer was also instrumental in establishing the National Automotive Center in Warren, Michigan.

From 1985 to 1991, he founded and was the Vice President/General Manager for General Dynamics' new business and high-technology organization, called the Defense Initiatives Organization (DIO). In this capacity, he founded a dozen new organizations including a Nuclear Biological Chemical Reconnaissance System that was used extensively in Operation Desert Storm, a Strategic Defense Initiative Division, and a Diamond Film Development Company involved in growing synthetic diamond substrate material for electronic systems. Within three years, the DIO captured over a quarter of a billion dollars of contract awards. Prior to the DIO, he was Corporate Director of Strategic Planning and Operations Analysis when General Dynamics was a *Fortune 50* company and the world's second largest aerospace corporation.

From 1979 to 1985, he was a McDonnell Douglas senior engineer on the initial design teams of F-15E and Stealth aircraft. He also managed the marketing effort for the \$32 billion sale of the F-15E to the USAF.

Mr. Vollmer served 10 years active duty in the USAF and 13 years with the Air National Guard. He accumulated over 3,000 hours in various fighter aircraft, flew 175 combat missions in Southeast Asia, and received six Distinguished Flying Crosses and eleven Air Medals. Mr. Vollmer received a B.S. degree in Engineering Management from the USAF Academy, a Masters Degree in Education from Northern Arizona University and attended Massachusetts Institute of Technology's Sloan School of Management for Senior Executives. He is married to his high school sweetheart, Trish Eagan, from Lewisburg, Pennsylvania. Their son was the President of VII Enterprise Solutions and is now a CISCO Senior Systems Engineer.



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