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Our economic future will be high-skill jobs

Stock markets around the world have been rising, the U.S. is emerging from a major recession and, hopefully, by early 2010 unemployment rates in California and throughout the United States will begin declining. With improving economic news, this seems a good time to reflect on where the economy will be headed over the next several decades. I want to briefly examine how two major continuing trends -- globalization and technological change -- will shape our economic future. These two trends will play major roles in determining future earnings and employment of people in California and should be considered as we develop our public policies and strategic priorities.

Continuing technological change -- everything from smarter smart phones, new drugs from the biotechnology industry, improved green technology and energy saving inventions-- will help shape future businesses, government services, how we play, and what we do at work. In many cases, the jobs that technological change brings will be good, well paying jobs with lots of fringe benefits and potential. But these jobs will primarily go to workers with good technical skills and training and good education. Workers without the skills desired and with limited education will not generally be sought after by employers and all too often these workers will find themselves left behind to do those jobs that are less desirable and lower paying.

Continuing globalization -- where companies and their workers sell and interact economically with businesses and buyers throughout the world -- is not just something large multinational companies will do but increasingly something businesses of all sizes, large and small, will do. In the last thirty years, globalization has already brought about huge changes but expect even more changes as more Americans travel and work abroad, and buy and sell services and goods from providers around the world. Who are the workers that will benefit from continuing globalization? In some cases the winners will be low paid workers in foreign countries who can produce and manufacture the things we buy and use here. Americans with limited technical skills and education will increasingly find themselves competing with low paid workers throughout the world and they should expect their wages and opportunities for good prospects diminished. Workers with more skills and more education will also face competition from abroad but they will also gain relatively higher wages from the opportunities from globalization -- a world-wide market to ply their talents and use their skills.

Both increasing globalization and changing technology will primarily benefit workers with technical skills and education. These twin trends will thus tend to fuel a growing economic gap between our workers with skills and education and our workers with more limited skills and less education. I think the need for public and private plans and strategies to improve the technical skills and education of our workers in a world of continuing globalization and continuing technological change is clear.