



Brewing Perfect Economic Storms

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Time Structures, Inc.

For The Assembly Committee On Jobs,
Economic Development And The Economy

Jose Medina, Chair

February 4, 2013

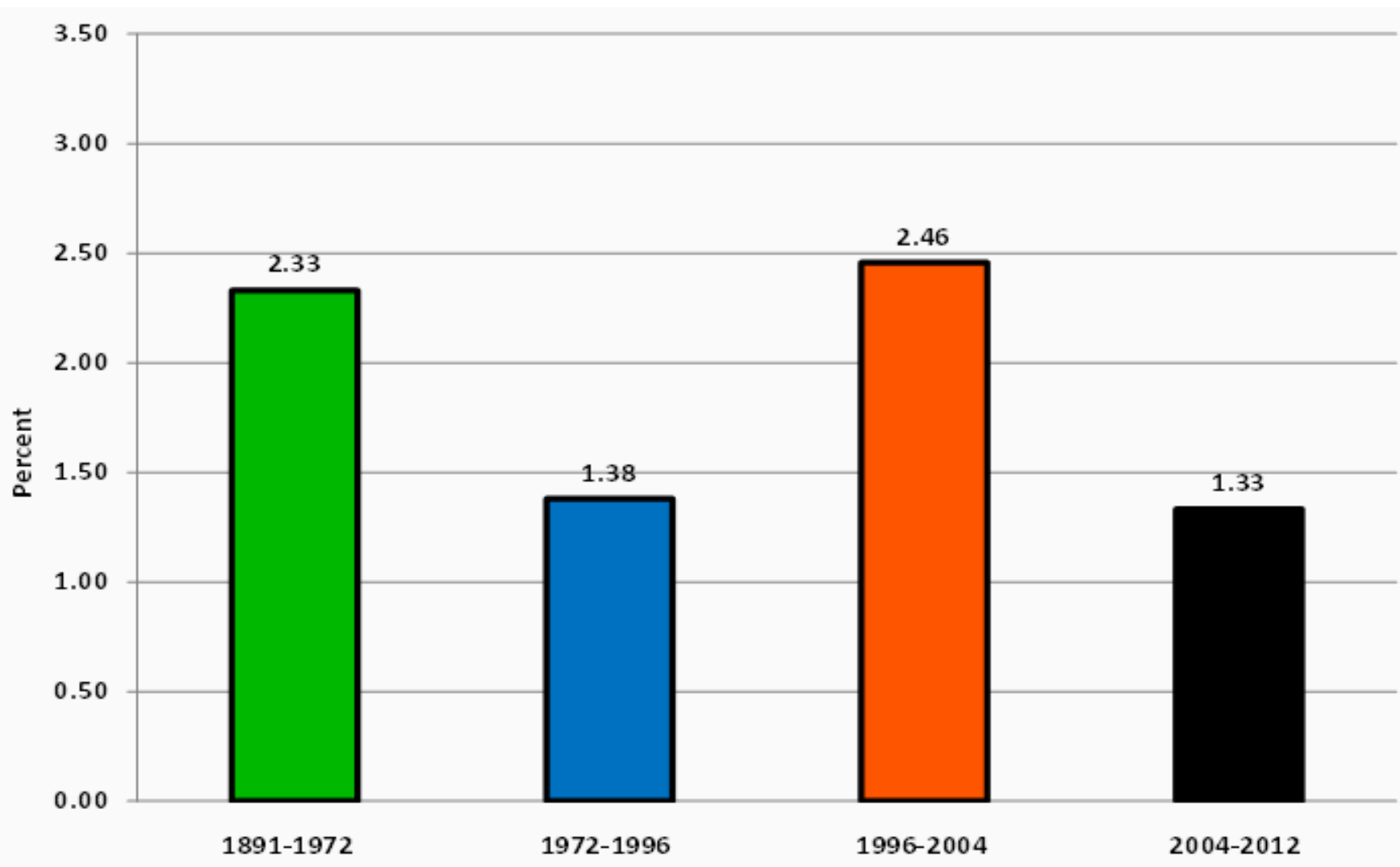
Egypt

Fukushima Reactor, Japan

New York

Wall Street, NY

Average Growth Rates of US labor productivity is Faltering in the 21st Century Contributing to Income Inequality



Robert Gordon (2012). Is US Economic Growth Over? Faltering Innovation Confronts the six headwinds. Centre for Economic Policy Research.

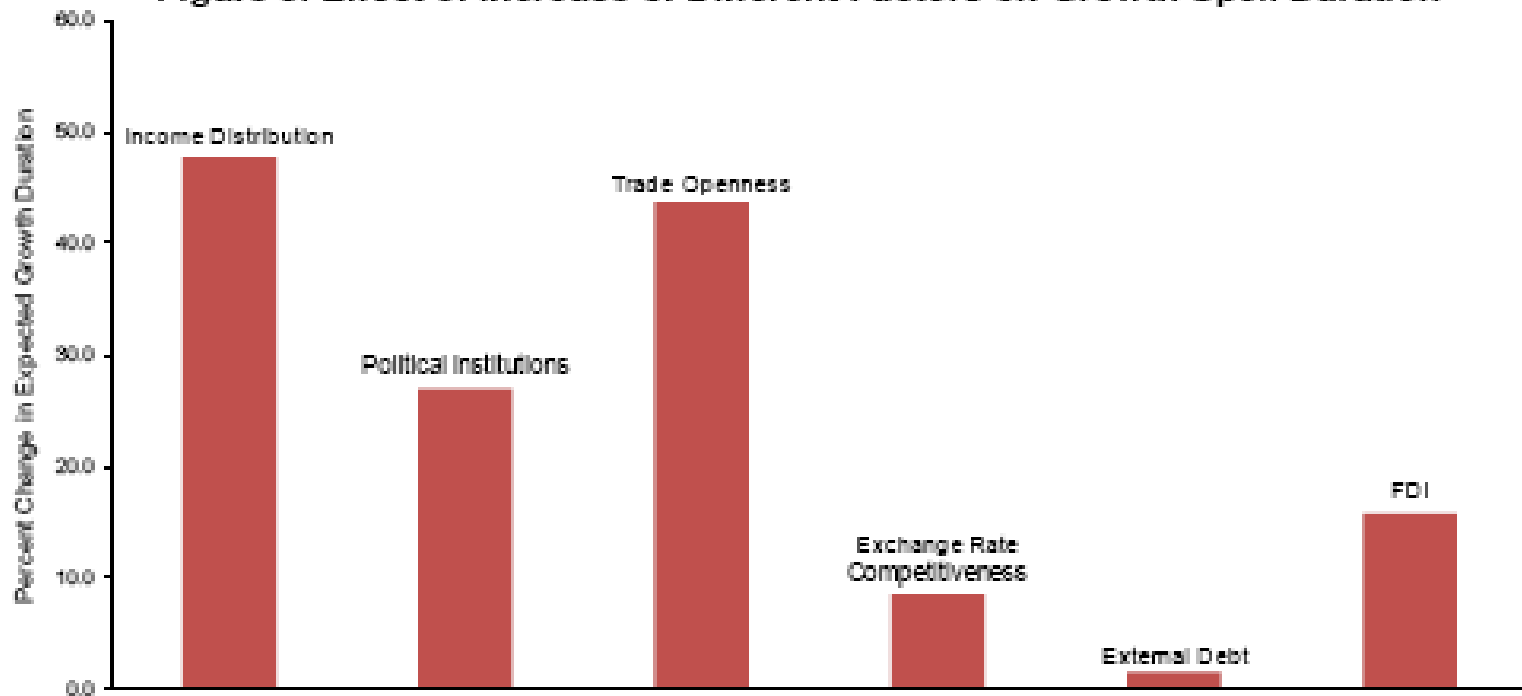
<http://www.cepr.org/pubs/PolicyInsights/PolicyInsight63.pdf>

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Income Inequality Slows Sustained Growth

Figure 3. Effect of Increase of Different Factors on Growth Spell Duration



Sources: Berg, Ostry, and Zettelmeyer (2008) and authors' calculations.

Note: For each variable, the height of the figure shows the percentage increase in spell duration resulting from an increase in that variable from the 50th to the 60th percentile, with other variables at the 50th percentile. For trade, the figure shows the benefits of having an open instead of a closed regime, using the Wacziarg and Welch (2008) dichotomous variable. For autocracy, the figure shows the effects of a move from a rating of 1 (the 50th percentile) to 0 (the 73rd percentile.)

A. Berg and J. Ostry (2011). Inequality and Unsustainable Growth: Two Side of the Same Coin? International

B. Monetary Fund. <http://www.imf.org/external/pubs/ft/sdn/2011/sdn1108.pdf>

National Competitions for Global Competitive Advantage: Less Predictable Ones

**New Materials &
Invented Programmable
Organisms**

+

**Advanced Manufacturing
Technologies: Machine
Learning melds with cognitive
Science**

+

**Global Logistics
Systems**

+

**Energy Efficiency and Emission Reduction vs.
Effects of Climate Change**

+

**New Organizational
Forms and Services**

+

**Diverse Networks
(Research, Financial,
Production, Energy,
Conservation, Supply,
etc.)**

+

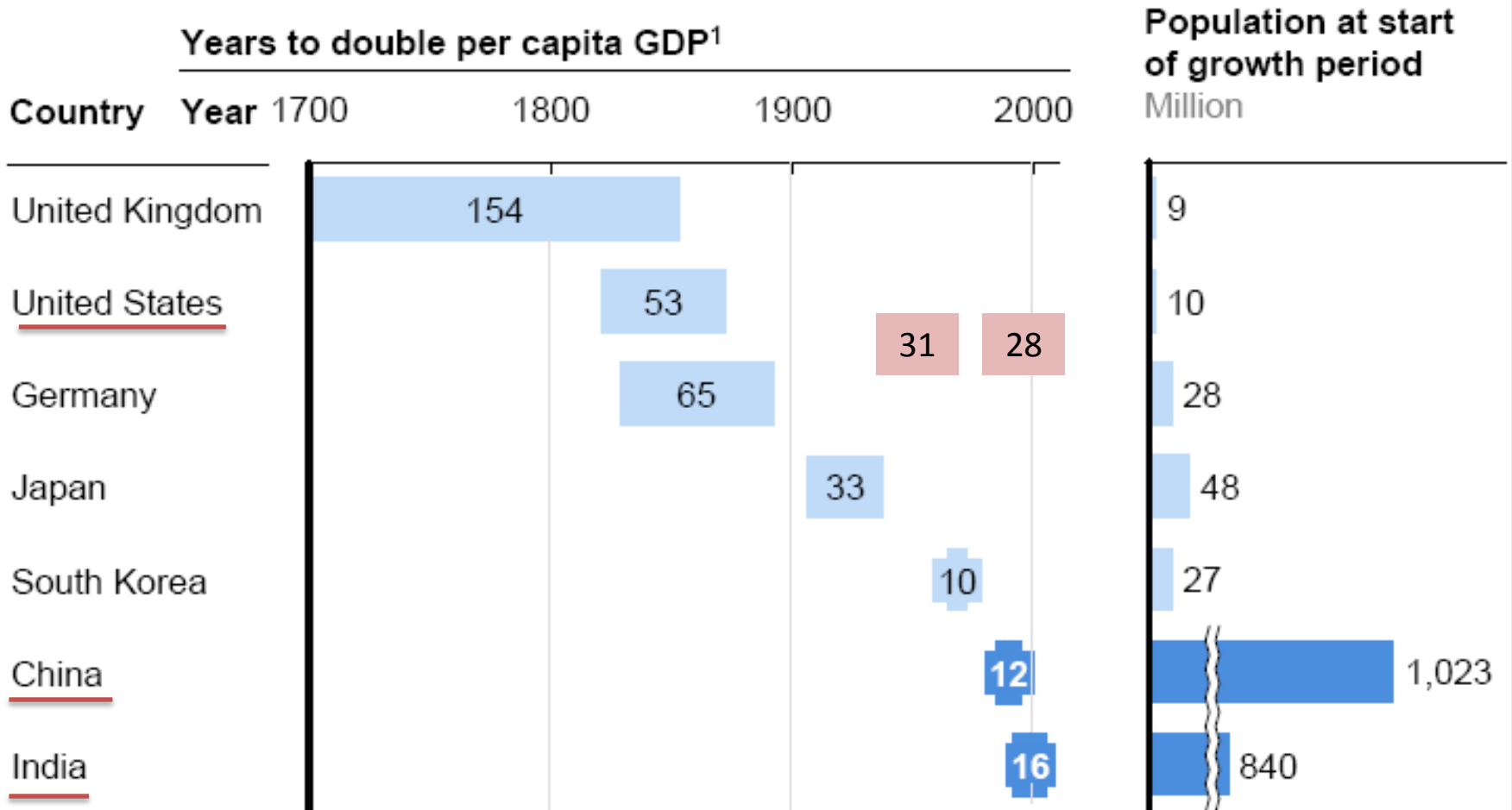
**Ubiquitous use of IT,
Massive Data Bases
and Social Media**

+

**Innovative
Workforce Skills
In Groups**

Brief Competitive Advantage

Incomes are rising in developing economies faster, and at a greater scale, than at any previous point in history



1 Time to increase per capita GDP in PPP terms from \$1,300 to \$2,600.

SOURCE: Angus Maddison; University of Groningen; *Resource Revolution: Meeting the world's energy, materials, food, and water needs*, McKinsey Global Institute, 2011.

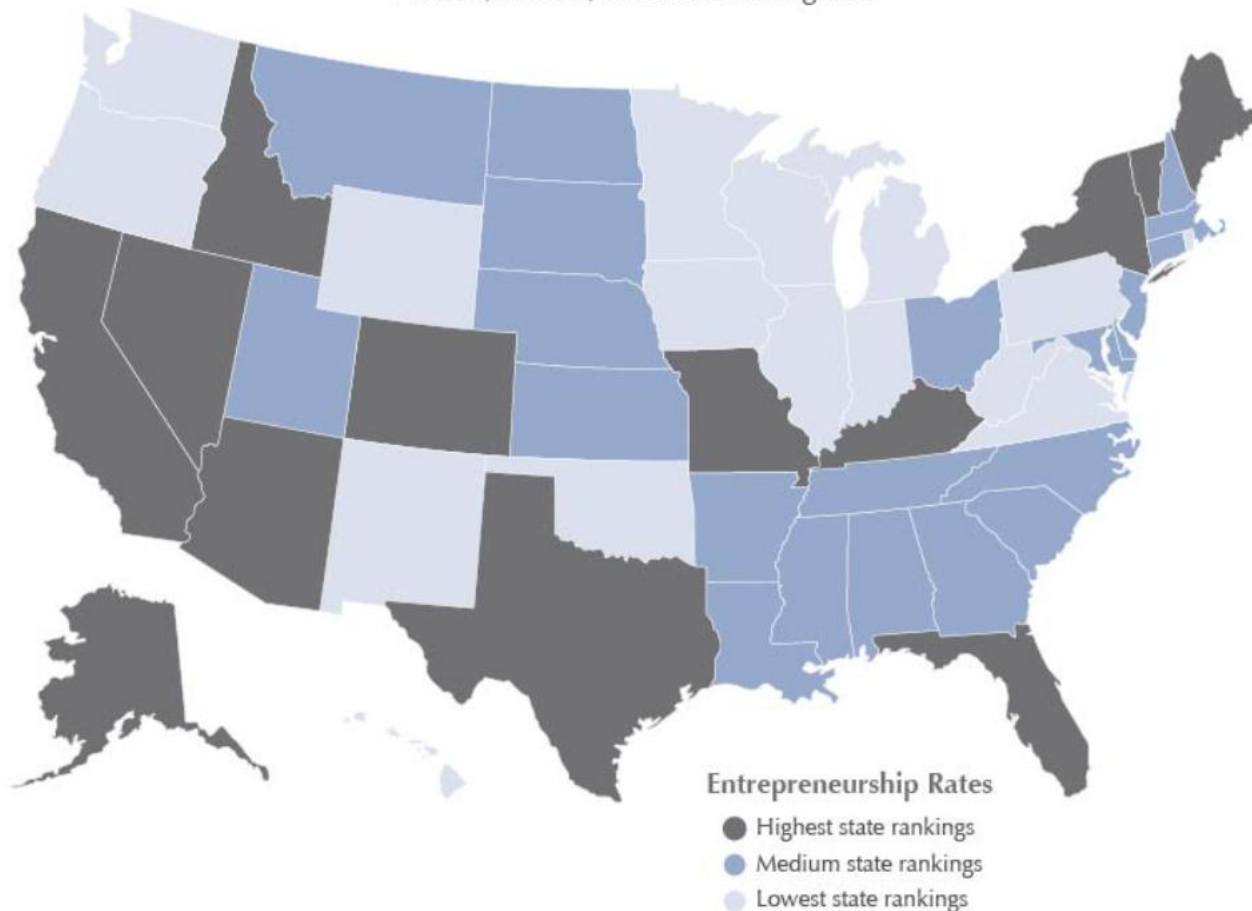
Global R&D expenditures by region: 2009

U.S. PPP dollars (billions)



Entrepreneurial Activity by State

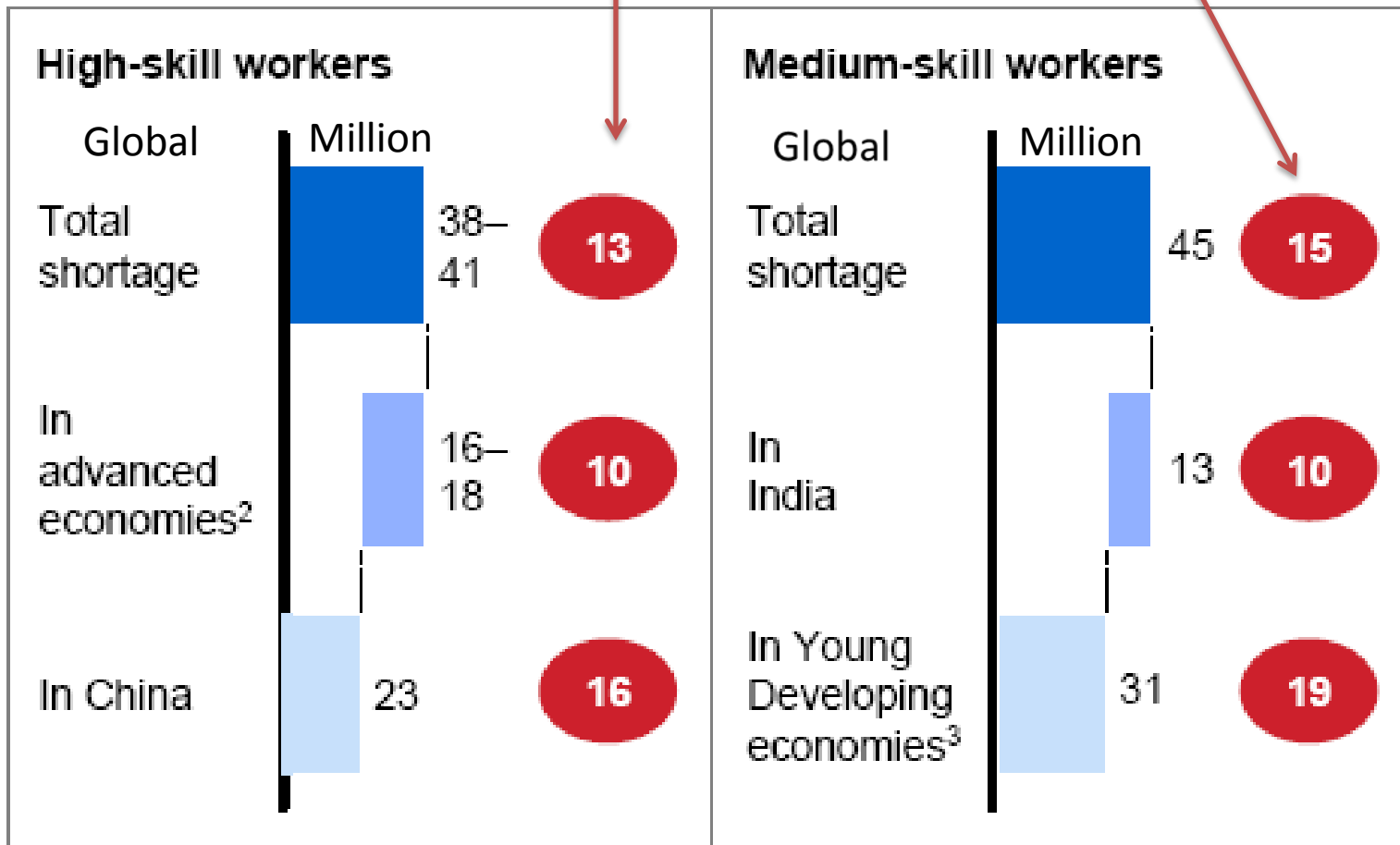
From 2010 to 2011, U.S. entrepreneurial activity rates decreased in all regions except the Northeast, which experienced a slight increase. The Western region had the highest entrepreneurship rate, and the Midwest had the lowest. The highest ranked states were Arizona, Texas, California, Colorado and Alaska; the lowest ranked states were West Virginia, Pennsylvania, Hawaii, Illinois, Indiana and Virginia.



World too few High-Skilled + Medium Skill Worker = Business Magnet for countries with more skilled workers

Shortages

Percent of Total Unmet Worker Demand is:

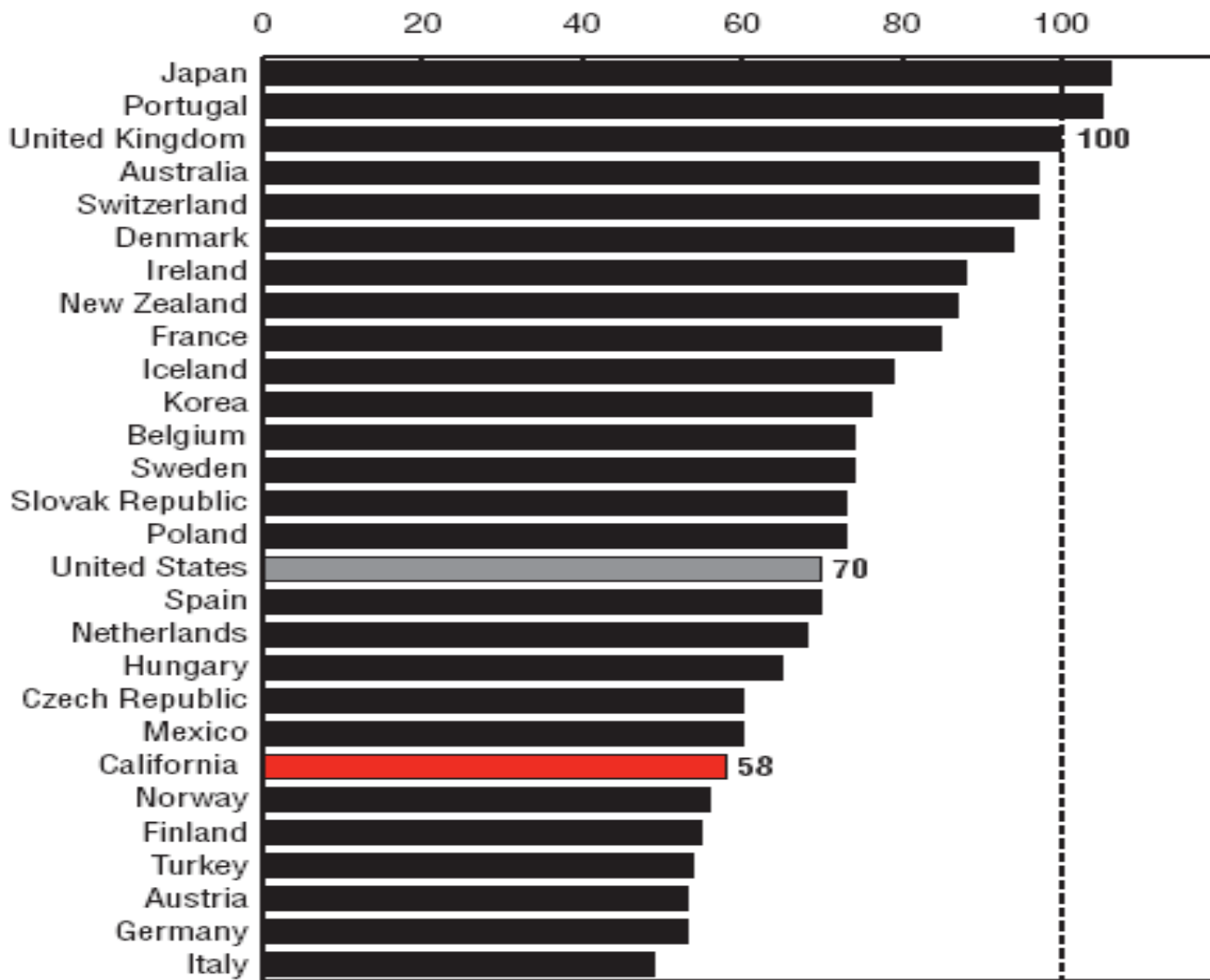


Source: McKinsey Global Institute, The World at Work 12 http://www.mckinsey.com/insights/mgi/research/labor_markets/the_world_at_work

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California Certificate and Degree Completion Rate Is Low

Total Degrees/Certificates Awarded Per 100 Students Enrolled, 2004

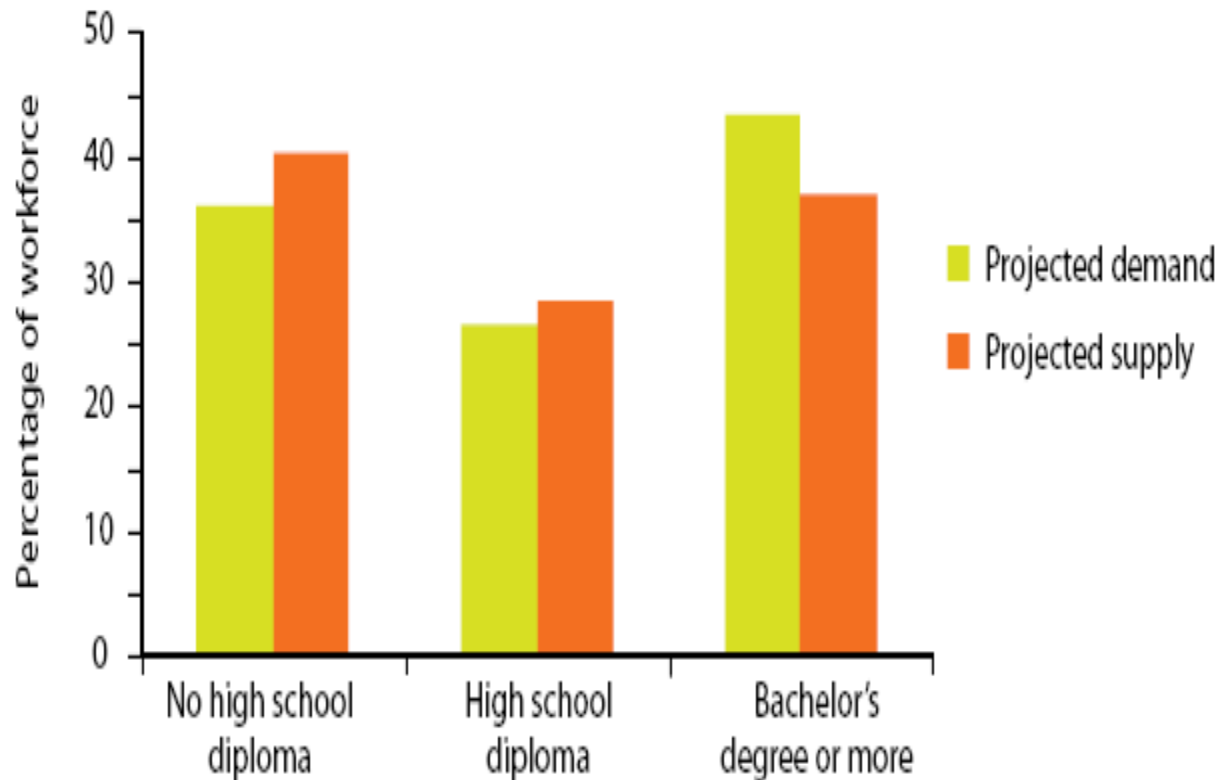


Source: The National Center for Public Policy and Higher Education, "Measuring-up 2006." http://measuringup.highereducation.org/_docs/2006/statereports/CA06.pdf

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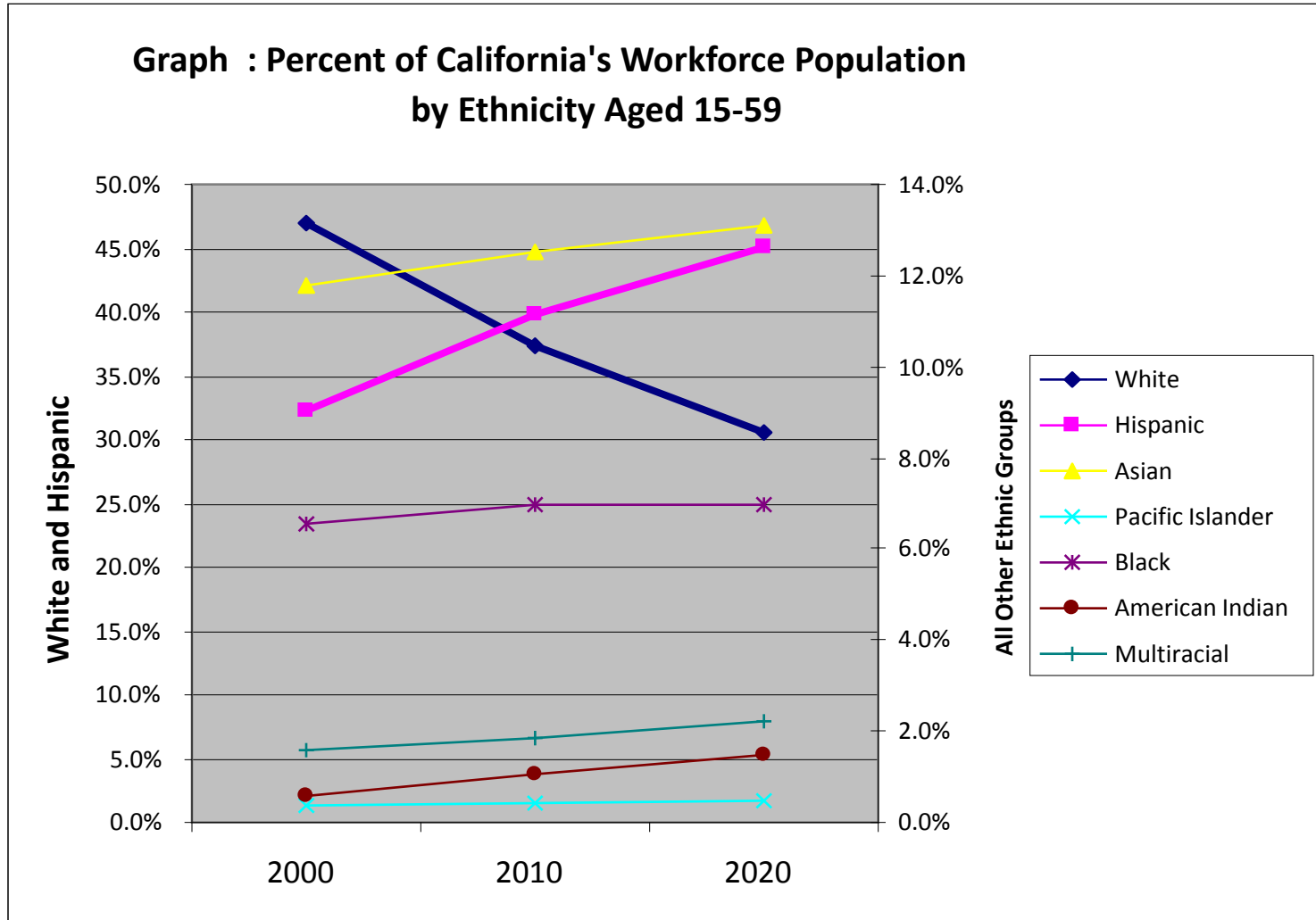
For California:

BY 2025, DEMAND FOR COLLEGE-EDUCATED WORKERS WILL OUTSTRIP THE SUPPLY



SOURCE: PPIC projections.

Latinos Will Dominate 2020 Workforce: Our Second Hope



US College completion by income status and 8th-grade test scores



Source: Economic Policy Institute analysis of Mary Ann Fox, B.A. Connolly, and T.D. Snyder, "Youth Indicators, 2005: Trends in the Well-Being of American Youth." Washington, D.C.: U.S. Department of Education, 2005.

Time Structures, Inc. Contact Information

Presentations like this have been made to, among others, the California Community Colleges, Chancellor's Office, California Workforce Investment Boards, California Redevelopment Association's Board of Directors, California Student Financial Aid Commission, California Council on Science and Technology, California Association for Economic Development, and the various local economic development organizations. To make arrangements to have this presentation made to your group or to have one created to meet your particular needs contact:

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