



What Workers Really Think: Perspectives from the Front Lines



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Paul Krutko: Welcome to the Federal Reserve Economic Development podcast series. I'm Paul Krutko, chair of the International Economic Development Council and CEO of Ann Arbor SPARK.

American workers have seen back-to-back decades of dramatically different economic and, specifically, labor market conditions. As the country continues to regain its footing after the Great Recession, many of the effects of this recession continue to be felt in a variety of ways, such as persistent unemployment and diminished wealth accumulation. So, after experiencing these conditions, what are Americans' perspectives on employment conditions and the future of the workplace, and how have those changed over time?

A recent book addresses that question, and its description of the current and evolving view of workers themselves may help practitioners and policymakers better understand labor supply issues. Today we're speaking to Carl Van Horn of the Heldrich Center for Workforce Development at Rutgers University. Among many other publishing credits, Carl is the author of [Working Scared \(or Not at All\): The Lost Decade, Great Recession, and Restoring the Shattered American Dream](#), which draws on over 25,000 interviews with employed and unemployed Americans conducted from 1998 to 2012 to describe the views of American workers' about their jobs, the workplace, and government's role in the labor market. Welcome, Carl.



Carl Van Horn: Thanks for inviting me to join you.

Krutko: Let me first ask about the impetus for the research that led to your book. Can you tell us about the general economic and labor market trends in the past few decades that warranted further study?

Van Horn: As we all know, the economy has been going through some really traumatic and wrenching changes over the last couple decades, and none more obvious than the Great Recession that occurred in the late part of the first decade of this century. And, in many ways, the labor market problems continue even as we speak today.

So what we wanted to do at the Heldrich Center was, beginning in 1998, document the views of American workers about the economy, follow them over time, and then see how they might change. We also wanted to do it with a national random sample of workers, so it wasn't just anecdotes from a few people. And it also wasn't the kind of information you can just get from economic statistics, although that's very valuable, too.

So this was a long-term project and I brought it together, summarized it, in this book that you referenced earlier, but, of course, we also did many, many reports along the way.

Krutko: Carl, you've heard from tens of thousands of unemployed Americans as you developed your book. What were the main messages you heard from them, and what, if any, of their comments did you find surprising or unexpected?

Van Horn: The title of the book kind of summarizes it, which is, they're scared. Most Americans, even when they're working, they're really worried about their future. There are very few people that have anything close to what we used to call a permanent job, and most people would really rather have some more certainty in their lives and in their work lives, but they don't have it. And of course, those who are unemployed face an even more difficult situation, especially older workers. They wonder if they're ever going to get back in the labor market. And for younger workers, they're worried *if* they're going to get into the labor market, and if they're going to get a full-time job that pays a decent salary or wage.

So it's a state of constant anxiety for many workers. And the interesting thing about this is it wasn't just this period of the recession that brought about that anxiety, but it really started right into the latter part of the 1990s when we first started interviewing people about this. Even then, when the economy was probably at the best shape it's been since World War II in many ways, they were worried. And I think it has to do with the volatility and uncertainty of the economy. And it isn't just employees that face this, employers face it, too. But that's sort of the overall condition, and they're very worried and, frankly, very pessimistic about the future of the economy, whether that's justified or not, but that does influence their behavior and it influences their daily lives.

Krutko: In your book, you do talk about federal policy and programmatic reform that could assist American workers, but what suggestions do you have for state and local policymakers?

Van Horn: At the state and local level, in many ways, it's very difficult to navigate this. I've been a state policymaker. I chaired the state's economic development authority in New Jersey for four years. You do the best you can; of course, you struggle to try to maintain as many jobs and grow the jobs in your own state, but at the end of the day, a lot of what you're doing is just taking jobs from somebody else or keeping them from leaving your state and going somewhere else. So most of what states do does not really grow the overall economy from a national perspective. And then at the local level, of course, the problems are even greater.

But having said that, you know, what states and localities can do is work on the fundamentals of their economy, and that's really education, transportation, infrastructure, if you will, to make sure that those fundamentals are in place so that they know that their economy is competitive and that their workforce is well educated to meet the demands of the 21st century.

Krutko: *Well, what are the elements that you think are key to resiliency in our national workforce, and how can our workforce development entities, which are primarily at the local level, better prepare for our country's future employment needs?*

Van Horn: At the end of the day, it is about education and workforce development, and it is managed, as you say, primarily at the state and local level, although the federal government clearly contributes significantly financially to that.

But making sure that the young people, whether it's in high school or going through college, postsecondary education, not only enter those programs but complete them, but also be better prepared for the workplace. We talk about being prepared for education, often we don't talk as much in educational circles about being prepared for work. And these are not polar opposites; in fact, they're very closely connected.

So it's very important that state and local programs are connected to what's going on in the economy and do a better job of aligning their programs with those needs, but also understanding that the economy does change very rapidly. And so what's most important is to develop the knowledge, skills, and ability of individuals to learn and to be flexible as the demands of the economy change. Because there really isn't anybody who can accurately tell you today exactly what jobs are going to be in demand 10 years from now, let alone five or even sometimes two years from now. But that doesn't mean that you don't know that you have to be well educated and nimble in order to have a successful economy and in order for a family and an individual to succeed in that economy.

So, that's general advice, but, frankly, it's very important advice, that we just really need to continue to strengthen the quality and performance of our educational programs at all levels. That's very important at the state and local level.

Krutko: *In your opinion, and based on what you've learned from your research related to the book, how can business leaders and economic developers better support a strong workforce ecosystem?*

Van Horn: I think it begins with creating the strong collaborations that I was alluding to before. It is a two-way street. Of course, educators need to reach out to business leaders as well, but business needs to do that as well and understand some of the difficulties that educational institutions face at the same time. And that is happening at many places around the country. We just need to do more of it.

I always say that economic development is workforce development, and workforce development is economic development. It's really the same thing, and they're very closely related. So we need to make sure that there is that close connection, that businesses are participating at all levels in the defining of standards and in the cooperation with educational institutions to help people prepare, and then providing the job opportunities, whether internships or cooperative education programs, to help people transition into the workforce.

Krutko: *Well, thank you for speaking with us today, Carl. This concludes our podcast. We've been speaking to Carl Van Horn of Rutgers University.*

The Federal Reserve Banks of Atlanta and Kansas City and Rutgers University will cohost a conference on the Future of Workforce Development at Rutgers campus in October 2014. More information about this conference will be available soon on their websites. We hope you will join us there.

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