



Global  
Business Leadership

# SHAKING THE GLOBE NEWSLETTER

Courageous  
Decision-making in  
a Changing World



## Time for Talent

Volume 2, issue 6

“Road to Recovery” represents the over-arching theme for the annual meeting of business and political leaders held by the **World Economic Forum** in Davos this week. It sounds like the convention is modeled after a 12-step program to overcome addictions! The official program title is, “Improve the State of the World: Rethink, Redesign, Rebuild.” Even the choice of words reflects the idea that we must tear down old beliefs and start from scratch. But, I think we already have evidence about how capitalism creates jobs. It strikes me that this is not the time for reflection, but a time for talent development. We need to tap into the talents of people and get them working. However, rather than seeking a new job, if you have the ability to start a new business, this may be the right time to do so. “The future is not out there waiting to be learned: we create it ourselves,” writes **Robert Skidelsky** in the book *Keynes*.

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*The secret of success  
is doing well the job at hand.*

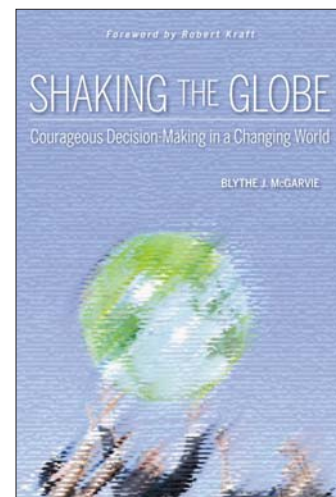
— author unknown

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Jobs are scarce around the world. Looking at the estimated unemployment rates for, per the CIA Fact Book, the world unemployment rate is 8.7%. The European Union and United States are estimated to be at 9.4%. Because there is no “Asian” figure, let’s look at Asia’s two largest economies, Japan and China. Japan historically had nominal unemployment, but now faces 5.6% unemployment. China figures are as of last September and almost certainly under-reported at 4.3% unemployment. During the Davos meeting, **Yoshito Sengoku**, Japan’s Minister of State for National Policy, **explained** that his country was on track to a gradual recovery, but, he warned that the manufacturing industries are operating only at a rate of 80% of capacity. He concludes that “we have a latent internal unemployment held by various business corporations... Many companies try to maintain the employment without laying off the workers.” Japanese managers continue to put a drag on the country’s recovery when they do not address the root of the problem of unemployment.



McGarvie with artist **Kazuko Mukoyama**, a sole proprietor and Japanese ink-painter.



Blythe McGarvie’s *Shaking the Globe*, with a foreword by Robert Kraft, was published by John Wiley & Sons in February 2009.



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Unemployment in Asia, as in Europe and the U.S., is likely to worsen before it improves.

The U.S. faces a unique problem with unemployment. **Lawrence H. Summers**, Director of the White House's **National Economic Council** (NEC), shared his concerns at Davos. He described unemployment as heavily cyclical but also as a structural phenomenon. He said: "Just to put it in a way it's not usually put, one in five men in the United States between the ages of 25 and 54 is not working right now. A reasonable extrapolation would be that following a reasonable recovery, it will still be one in seven, or one in eight, who are not working. That is in contrast to the mid-1960s, when 95% of men between 25 and 54 were working. That suggests quite profound issues that will ultimately impact politics, that impact the decisions that businesses make." In addition, he explained that the flow of credit to medium-sized businesses is a policy objective and that it is in the U.S.'s long term interests to have an integrated global economy. Recently, in his 2010 tax plan, President Obama included tax cuts to small businesses that hire new people. While jobs are unavailable, the climate for start-up companies is ripe.

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*All things are difficult  
before they are easy.*

— Thomas Fuller

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The global economy has experienced downturns in the past. The **Kauffman Foundation** completed a study in June 2009 to understand how jobs are created. The study, "**The Economic Future Just Happened,**" found that more than half of the companies on the 2009 Fortune 500 list were launched during a recession or bear market, along with nearly half of the firms on the 2008 Inc. list of America's fastest-growing companies. The key conclusion from the analysis is that "new firm formation represents two unqualifiedly positive things. Hundreds of thousands of individuals do not wait for others to ease their economic pain—they create jobs for themselves and others. Young firms, moreover, frequently add jobs and generate innovations well out of the mainstream."



**LIF Group** affiliates at their annual meeting (guest Dan Medina included, not pictured Karim Sahyoun).

It takes talent, the discipline of starting your own business and the willingness to exercise courage to create the future. If you are seeking a job, consider learning about the needs of this new economy and matching your talents to those needs, in a business you start yourself or with others. • • •

## Global Perspective: Items of Note



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The *Shaking the Globe Newsletter* is written for decision-makers who recognize the critical importance of our interconnected world for financial stability and growth. Blythe has been called the "antidote to Lou Dobbs" because she shows how to strengthen, rather than weaken, our global community.

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