

Interview

Don't Bet Against America

An Interview with Thomas J. Donohue,
President and Chief Executive Officer, U.S. Chamber of Commerce



Thomas J. Donohue

EDITORS' NOTE Thomas Donohue assumed his current post in 1997. Donohue established the U.S. Chamber Institute for Legal Reform, which has won significant legal reforms in the courts at the state and federal levels and in elections for state attorneys general and Supreme Court judges. Previously, he served for 13 years as President and Chief Executive Officer of the American Trucking Association. Donohue serves on the Boards of Directors for Union Pacific Corporation and Sunrise Senior Living. He is also President of the Center for International Private Enterprise, a program of the National Endowment for Democracy. Donohue earned a bachelor's degree from St. John's University and a master's degree in business administration from Adelphi University. He holds honorary doctorate degrees from Adelphi, St. John's, and Marymount universities.

ORGANIZATION BRIEF The world's largest business federation, the U.S. Chamber of Commerce (www.uschamber.com) represents the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

You have been a leading voice in creating jobs, but with CEOs focused on doing more with fewer people, is the right dialogue taking place around the job creation issue?

The way to turn this economy around is to create 20 million jobs over the next 10 years, half of them to bring people back to work and half of them for the talented people coming into the workforce.

But if we had those 20 million jobs today, we could only fill a half to two thirds because we don't have the skilled workforce available to fill them. There are a lot of vacancies people right now can't fill.

We also know that part of the reason we're not filling jobs is uncertainty. The CEO is unsure what the tax policy will be, what health

care costs will be, what is really going to happen with Dodd-Frank, what is going on in the EPA, and where the customers will come from. They're getting ready for a lot of acquisitions, but they're determining in the process that they need a smaller workforce. So there are fewer jobs.

So the challenge is to understand this better. We have done very well in increasing productivity. We have used information technology, supply chain management, partnership, and so many other tools to increase productivity that it has created a different job creation equation.

We're going to create 2.5 million jobs in the U.S. in 2011. A million and a quarter are going to people who have been unemployed; a million and a quarter are going to people that are coming into the workforce for the first time.

When we've filled those jobs, the unemployment rate will still be exactly where it is today. Why? Because as soon as people begin to get hired, people who were out of the workforce – those who had been looking but had given up – will start looking again and they will fill in the numbers. So you're still going to have 8.5 percent unemployment at the end of the year.

The bottom line is to think this through and for American business to drive hard to figure out innovative ways to create new industries, new jobs, and new economic growth. Americans do that better than anyone else.

Why can't we achieve true education reform and how far have we fallen behind in competing globally?

Margaret Spellings, the former Secretary of Education, works for us and is driving our activities in this area. We're trying to understand the percentage of people who were not properly educated over the past 30 years.

Currently, 33 percent of high school kids don't graduate, although a number of them get a GED later. Unemployed high school graduate rates are in line with whatever the current unemployment number is. But if you don't have a high school degree, that rate increases to more than 30 percent. Why? Because the jobs we do today are different than they were 20 years ago.

To work in an automobile factory today, you need to know how to read, how to work a computer, and you need to know a little algebra, because we're in a more sophisticated manufacturing environment.

It is the same in almost any industry you can think of – employees need to have more education than in the past.

So if we had to fill those 20 million jobs today, how many could we fill? We need to figure out how to deal with visas, because we have the best higher education system in the world where we educate many people from other countries, but then we send them all home.

Companies spend \$60 billion per year educating and training their people, not only with remedial education but also with advanced training to promote them.

Is it difficult to be optimistic with the challenges we're facing?

Don't bet against America.

First, we have the best university system.

Second, we have a heterogeneous population, we're big into immigration with people from all over the world, and we have a mix of skills and a great pride about our country.

We have a form of government that looks very messy but as Churchill says, after we try everything else, we get it right. So I'm very optimistic.

The young people who work here can compete with anybody.

But we have to make sure we get those two platforms right: our physical infrastructure – roads, bridges, and power generation – and our human talent.

Then we have to take the obstacles out of the way. Government is getting too big. The regulatory situation now is unbelievable.

Many in the business community felt this Administration was not reaching out to the private sector for advice early on. Has the public/private relationship improved?

It has always been a healthy ping-pong match between government and business. The problem now is that the government has a bigger space for them to play with a bigger paddle, and it gets more chances than the private sector. We have to balance that.

Are the relationships better? On the surface they are. We're in a political season all the time now. We're in a 24/7 news cycle. And the conflicts have been difficult during this time of recession.

This group came to office with very little business acumen and that is getting better. But the question remains, what are we collectively going to do to create jobs?

What is the secret to the success of this organization?

The strength of what we do comes from the quality of our people, the vitality of our message, and the scope of our organization and our willingness to play the game. ●