

Annual Statewide Apprenticeship Form
North Carolina Department of Labor
May 2, 1991 Raleigh, N.C.

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I'm glad to be here with you. Sometimes I think what if you could just float above a state? Imagine we are floating above North Carolina looking down on what's going on in the State today. What are the things in 10 or 15 years that will still be important? I know there are probably meetings happening all over this State about lots of significant issues. But I would bet, in terms of the future of this State and the people who live here, there are very few events as important as this one, and particularly with respect to its potential.

There has to be an awakening in this country about the issues that concern you. How on earth are we to maintain our standard of living, our quality of life, if we do not tend to the human resources, our people, and try to determine what we can do to give them the skills to be competitive in a global economy? I am working with the Commission on the Skills of the American Workforce that issued a report called, America's Choice: High Skills or Low Wages! The Commission was composed of concerned Americans, chaired by Bill Brock and Ray Marshall, two former Secretaries of Labor, one a Republican and one a Democrat. There were representatives from big business, big labor, education, government, advocacy and civil rights groups. And they came to the unanimous decision, after looking at all of the evidence, that we are faced with a startling choice in this country. We are every day making the wrong decision about that choice. We are choosing low wages. Now nobody is standing up and saying that. The President is not making speeches about it. The Congress is not. No one is standing up and saying, "We made our choice. We're accepting low wages in this

country, and we're just about ready to give up in terms of competing with our European and Asian competitors in terms of high skills." Nobody is saying that. But by our inaction, by our failure to have a coherent system for training and education, we are making that choice. In the course of writing America's Choice, the Commissioners conducted extensive interviews on three continents: Europe, Asia and in this country. They talked to people who run large firms, who operate the line on manufacturing floors, educators, government officials. They conducted over 2,000 interviews to try to understand what is going on in training worldwide, because we can no longer think about our training challenges in terms of North Carolina or even in terms of the United States.

They came to two very startling conclusions based on the interviews and the other data they analyzed. The first is that every other country with whom we compete takes training of its workforce as a primary obligation of a joint effort by government, labor, and business. Now the systems may vary, if you look at Singapore as compared to Ireland or Sweden as compared to Taiwan, but the striking thing about all of those settings is that there is a system.

The second conclusion is that in our country, based on the interviews that were conducted, most of our business leaders do not think we have a skills shortage in this country. Why? Because they have accepted, without, again, articulating it, the idea that

what's wrong with the American workforce is work habits and work ethics and what business really wants are people who will show up, be reliable and do what they are told. They don't see that there is a skills shortage. Eighty percent of the interviewed business leaders responded in that way. The other 20% saw that there was a skills shortage but didn't know what to do about it, and instead usually would make the decision we see a lot of American businesses making, which is, "Yeah, we have a skills shortage in this country, so I think I'll just move my high skill work to Europe or to Asia. We'll do installation work here. We'll do assembly work here. But I can't deal with the workforce in this country. I don't know what the problem with it is, but it's just not working, so I'll go get my job done somewhere else." They know there's a skill shortage, and they respond to it basically by walking out.

In further investigation, looking at the data that was available and plumbing further in these interviews, the Commission also discovered that part of the reason American businesses don't recognize there is a skills shortage is because we are locked into the mentality that the way we compete is to continue to drop down wages and take away benefits. They often try to get labor as low as it possibly will go in terms of its compensation, and then think we can compete. They only see the wage side of the equation, because most American businesses don't yet understand how work is being reorganized elsewhere in the world. Other countries and companies in those countries, and even American companies that

operate in those other countries, are moving toward higher skills because they have understood how you have to reorganize and upskill work for it to be effective in today's economy. Most of our businesses, the estimate is probably 95%, have not yet understood that, in order to be competitive in tomorrow's economy, you have to have a flexible, intelligent, responsive workforce. That means you have to give discretion and responsibility to the people who are doing the work for you. That means they have to have a higher level of education and training than we used to have to expect. That kind of progressive equation toward providing for the kind of workforce that we need is something that American businesses have no experience with and do not understand what they have to do to obtain.

The picture that the Commission paints in its analysis is a bleak one. It concludes that, number one, most businesses don't think there is a skills shortage, so they don't really care whether we train our people or give them apprenticeships or anything else. Number two, those that recognized the skills shortage aren't looking for any solution to the problem here at home, but are trying to figure out how much work they can move offshore to try to get skilled workers in another country, whose skills are as a result of a training program that involved government, business and labor as partners. And number three is that, instead of trying to be responsive across the board to the need for changing the way we organize work, most businesses are trying to do more of the same

work harder instead of thinking through how we can be more effective, to move to higher productivity and higher performance work organizations.

How did we get into this situation? I think it's important to put that question in context because we are never going to be successful, those of us who care about training programs and apprenticeships, if we don't know how we got to where we are, and if we don't understand the kinds of arguments that we have to make to our fellow citizens, who don't see the world the way we do. Clearly, the United States had for decades the most effective work organization that had ever been created. It was based on the work of a man named Frederick W. Taylor; it was the Taylor model. It was perfectly designed for mass manufacturing at the beginning of this century on up through the decade following the Second World War. And what did the Tayloristic model ask that people do? It asked that people perform the same repetitive tasks over and over again because what Mr. Taylor argued, and what Mr. Henry Ford believed and put into practice, and then the rest is history, is that we had to make our workers as much like unthinking machines as we possibly could because that's how we would maximize production. And that's what we did, and we did it better than anybody in the world.

We built our steel, automobile and all of our other industries on that model, and you know what else we did? We built our education system on that model as well, because if what you need is

for the majority of people to have good work habits so that you know they're going to be there Monday morning and stay until Friday afternoon, you don't want them to think too much. You don't want to educate them very far, just up to a level that makes them adequate within the framework of the production system they are a part of. And you know, it was a pretty good deal for everybody concerned. Because we were so effective and efficient in production, we were able to provide high wages to people who screwed in the same four bolts 700 times a day. That's all they had to do. Just show up, screw in those bolts, and they had a higher wage than anybody in the world. They were our parents and our grandparents and they were the engine that drove the greatest economy the world had ever seen. We were able to have a very high standard of living with relatively low skilled workers. Just screwing in those four bolts 700 times is not a very sophisticated task to be performed. It is a machine-like task.

The difficulty came when other countries began to develop the capacity to replicate what we had created and been so successful at doing. That didn't happen in a great blast of light so we could all see what was going on. It happened slowly and gradually. Slowly and gradually other countries after World War II built up their manufacturing capacity. Slowly and gradually they came over here and learned how we did what we did, and they began then to adapt what we did to suit their own culture and needs and to take it a step further. There was a real turning point which, again,

didn't get headlines. If we'd been fluttering above the United States in 1973 and 1974, we may not have even noticed it. If you go back about 17 years, you can mark the time in which global competition broke into this economy. It's the time when we began to get increasing imports of Japanese automobiles and German machinery. And it slowly, but gradually, began to undercut the success of the model that we had created. And starting about 17 years ago, real wages began to fall, productivity began to fall. We began to lose our capacity to be competitive in traditional manufacturing jobs. Productivity increases in this country had been at three percent a year until 1974. It's been at one percent and sometimes at barely one percent since; far less than our competitors and far less than what we historically had produced.

Now what has been the response of our business, labor, and government leadership? Well, the responses have been different, but, basically, if you analyze them, they are pretty much the same. The business response initially was, "We just have to do more. Here's what we'll do. We'll get rid of some of these people. We'll cut their wages. We'll put machines in so that we'll become even more Tayloristic than we used to be because we can't rely on these workers to be productive, so we'll get machines to do the job." When that didn't work, "Well, we'll move to Mexico or we'll move to Brazil or we'll move somewhere else because then we won't have to pay people the wages they had built up to be paid for jobs

that, frankly, didn't require a whole lot of skill. We can go and pay somebody sixty cents a day to do the very same thing."

And what was labor's response? Labor's response was, "Hey, we bought into this Taylor model. We built our whole structure around it. If you want us to screw in four bolts, that's all we'll ever do. When we've finished, we don't think any more because that's what you wanted from us and that's what we're giving to you. That's how we structure our labor contracts, so don't ask for flexibility or discretion from us because we're not going to give it to you."

What was government's response? "Well, government has no role in the business-labor environment in this country. Unlike everybody else we compete with, we're not going to have any systemic policy to help frontline workers get trained in this country."

For the last 17 years, we have dithered while we have sold off 20% of our manufacturing capacity; while we have lived on foreign borrowed money; while our standard of living has gone down; while we have tried to increase our standard of living within families by putting more and more people to work, mainly pushing women and teenagers into the workforce as fast as we could. All of it is a losing proposition for this country if we expect to have a high standard of living.

The choice is stark: high skills or low wages. How do we make the right choice and reverse the course we are on? The Commission has a series of recommendations I will briefly describe to you, and then I'd like to say a few specific things about North Carolina.

The first recommendation is that we need to educate all of our students to a basic level of academic competency by the age of 16. They all need to have the same skills whether or not they are going to college, because, although approximately 50% of our young people do go to college, only 30% of them complete a baccalaureate degree. We have 70% of our young people who do not have four-year baccalaureate degrees, some of whom have two-year degrees, but 50% of our young people have no opportunity or choose not to go to college. What we have done in this country is to channel our educational resources in the public schools toward those youngsters, the minority, who actually finish college. We have expended much less effort and care on the vast majority of our young people who do not, because we have assumed, wrongly, that there was always a job for them -- a good-paying job in a paper mill or a textile mill or some kind of a mill. As the economy shifted so those jobs either didn't pay a living wage or were no longer there, we have done nothing to fill the gap for the youngsters who don't go to college.

So the Commission recommends that every single youngster obtain a basic level of academic competency by the age of 16

signified by what we call a Certificate of Initial Mastery, on which a youngster can then build the additional skills and knowledge necessary either for that young person to go on to college, if that's the choice, or to go into the workforce through a program designed to provide additional education and training. That's what most of our competitors do. You know, it is one of the great myths that we in American have problems in our education system because we try to educate everybody, whereas those people we compete with don't. That may have been true in the past. It is no longer true. Most of our European and Asian competitors graduate 95%+ of their youngsters from what they consider their high school years. They go to school longer each year than our kids do, so when they get out of high school they've gone to high school two years longer than our kids. Our kids, even if they graduate from high school, are two years behind in classroom time than their European and Asian competitors. It is not true that we try to do something that others don't. It is true that we try to do it, and don't do it as successfully as others do, because we do not make a conscientious effort to ensure that every student, regardless of what their future plans are, has a basic level of knowledge.

The second recommendation is that, for the students who drop out of the system, we have to do a better job of recapturing them and bringing their skills up to a basic level of competency. In other words, if they drop out before the age of 16, or shortly after, without having achieved this Certificate of Initial Mastery,

then we need an alternative learning system that enables them to do so. We are wasting not only their lives, but losing people who have to be productive in this society if we are to remain competitive. We advocate youth centers in communities whose job is to go and find those dropouts and bring them into programs that are more suited to their needs than traditional schools are. We have research which shows that a lot of youngsters do better with computer-aided instruction than the traditional classroom setting. There are reasons for that. They don't feel like they're failing in front of another person; they don't feel like they are disappointing that person. They can go at their own pace and learn. So let's set up systems that will recapture those dropouts.

How do we pay for it? Well, right now we subsidize students who go to college with an average public subsidy of \$5,000 a year. We don't spend \$50 on kids who don't go to college. The Commission recommends that every student in this country should be entitled to two years of post-high school training or education, because that's what it's going to take if they're to be competitive.

The third recommendation is that, in order for those students after 16 who want to go into the workforce to get the training they require, we need a comprehensive system of apprenticeships and training programs that are two-plus-two kinds of programs. If you are in Germany and at the age of 16 decide you want to be -- let's pick something that we don't think of as very trainable -- let's say a retail worker. You want to make a career in retail. You go

into a four-year program. In the first two years you concentrate on academic subjects. You are taking math, maybe some statistics, studying the history of retailing, and you're working a little bit on the side in the business that has offered you that opportunity. The last two years you are primarily in that business. But it takes four years to get what amounts to an occupational certificate that certifies that you are a retail worker.

We have to provide the same kind of system that consists of a combination of work training, apprenticeship, and education opportunities for our youngsters. Our vocational programs, community colleges, technical schools, businesses, and labor unions, have to establish comprehensive programs in order to give these youngsters, who are not going to a four-year baccalaureate future, a chance to have productive, portable skills.

The fourth recommendation is that none of this will work unless we change the way business does its business; unless we have business move towards high performance work organizations. And you know the key to that is reinvigorating the relationship between business managers and workers and developing respect between the two. That sounds real old-fashioned, but it is one thing that has been lost. Because of this Tayloristic model that we have lived with since the turn of the century, which saw workers as machines doing very limited tasks and not being asked or permitted to think, we have a great gulf between managers and workers in this country that is very counterproductive. It does not rest on a foundation

of respect and dignity. Workers often have antagonistic views toward management; management often has disrespectful views toward workers. Nowhere in this world do corporate managers pay themselves the salaries and compensation packages that are as out of line as they do in this country as compared to what frontline workers make. The ratios in this country between top management pay and frontline worker pay are three to ten times higher than they are anywhere else in the world. Often managers pay themselves, whether or not their enterprises are productive, while cutting wages and benefits for workers whom they claim are not productive. It doesn't exactly send a signal that we're all in this together.

So part of what it means to have a high performance work organization is for workers to take responsibility for a wider range of tasks and for management to give them the training and support to do those tasks. If we have that kind of situation, then we have the opportunity to take advantage of the one resource we have that nobody can take from us, namely the abilities and the intelligence of our people. If you were to go visit tomorrow a Japanese automobile factory or an Irish factory or German machine tool shop, you would see few middle managers and indirect workers because the work has been reorganized so that the people who are actually doing the production activities are the ones who are making most production decisions. They don't have to go ask somebody if they can order a new part. They and their team order

the new part. The work is divided up among members of the team, and the team is then held responsible for meeting the goals that are set. Contrast that to the kind of system that we have all grown up with in this country. We have to encourage more efficient utilization of working people if we're going to have high performance work that requires high wages.

And, finally, we need a more comprehensive system of how we organize labor and employment issues in this country. We are always afraid of it. Nobody wants to talk about it. It's like some kind of dirty little secret that we have this non-system that passes for a labor employment system. It's divided up, it has duplicated parts, people don't talk to each other. The federal government, the state government, the local government -- nobody is coordinated in terms of meeting the labor needs of a particular area and providing the training that is required. And certainly in the last ten years, from the federal government we've had nothing but discouragement in trying to move toward any kind of system that would give us a fighting chance to be competitive.

The Commission recommends these five steps. There are other strategies for solving these problems. The important decision is that we begin to act. I was very hopeful after our success in the Persian Gulf that we could begin to talk about this. Because if there is any part of our entire society that has understood this lesson, it is the so-called "new military." The military now doesn't take you unless you have a high school degree. It used to

be a great opportunity for youngsters who didn't have high school degrees. Now they're shut out of that. But, even if you have a high school degree, you receive training. You can't be on a Patriot missile firing team unless you go to class for a year.

Why is it we think young people who join the military require training opportunities, but young people who stay in our civilian workforce, where we are engaged in just as difficult a competition, don't require any additional training?

As you go out and speak to your colleagues in business, labor, government and your communities about what you do or why you are on an advisory board about apprenticeship or how you've used apprenticeships in your business, or the difficulties you have as a Department of Labor employee placing apprentices or getting people to talk to you about them, think about what we have done for young people who have joined our military in the last several years. Think of the amount of money as a nation we've been willing to invest in their classroom and on-the-job training to perform tasks that we thought were necessary.

Now we're clearly not talking about replicating that effort on the civilian side, but we are talking about a system to replace what we currently have now. We cannot survive as a country if we do not have a more coordinated approach to training our young people. We cannot do it.

Yesterday I was in Minnesota at a big breakfast that the Governor and the Legislature hosted. They are very concerned about these issues because, like North Carolina, they've been successful in the past in attracting manufacturing jobs. We all know that North Carolina attracts a lot of manufacturing jobs because you have sold yourselves as a low-wage state. You have a higher percentage of manufacturing jobs than most states in the South, and it's given you a solid manufacturing base, even as the wages and benefits have eroded in that base, and even as companies that do some of their work here shift their higher skill, higher paid work overseas. That's happening right here in this State. Minnesota, which has always had a high level of education, that attracted high tech firms that have traditionally paid high wages, is also losing jobs.

I'll leave you with what was said yesterday at this breakfast because I think it starkly illustrates what we are up against if we do not create a system for better education and training. At the end of the remarks that people were making, the Chairman of a large company in Minnesota stood up. His company makes sophisticated medical equipment, sells it all over the world and manufactures it all over the world. It has a plant and its headquarters in Minnesota. He said, "I want all of you to understand something. As the Chairman of a major company that is a global enterprise, I cannot afford to have loyalties to any country. My loyalty is to my business. There is nothing to keep me in Minnesota other than

whether or not you can do the job I need to have done. And if you can't do it in Minnesota, I'll get it done in Holland or in Thailand."

This is, for me, one of the major domestic issues confronting this country because we must have leadership from the top: business, labor, and government saying that it is our duty to face up to this set of challenges. It requires a level of patriotism at least equivalent to sitting in front of CNN cheering for those smart missiles; but, if we're not ready to make such a commitment, then we're going to see a lot of business executives stand and say, "You know, I was born in North Carolina. I love to go to your basketball games; I'm proud of Michael Jordan. But guess what, folks? I don't want you doing my technical and skilled work anymore, so I'm going to stay here and maybe build myself a nice house up in Asheville or somewhere else that's real pretty, but I'm not going to be putting very much money in the pockets of the people of North Carolina because you can't compete anymore." That's a message we're going to start hearing real soon if we don't do a better job dealing with these training issues. When businessmen look you in the face and say they don't want apprentices because that smacks of government interference, ask them what the government does for German or Japanese businesses. And tell them that if they don't start investing in the young people of North Carolina, they're going to find themselves either out of a job or living in another country with fine memories of

what it once was like here at home. Without the business, government and labor commitment we have to have to training and educating our workforce, we're not going to have the wages our people deserve. So as I said, I don't think there's a more important meeting going on in North Carolina today. I hope you will leave here renewed in your commitment to sell what you do, because it is critical to the future of this State and this country. Thank you very much.

one production plant. And after looking at all factors, I mean they examined everything on these computer matrices -- what's the political stability, what's the currency exchange, they look at all these big picture issues -- they decided not to put one of those facilities in the United States. Because at the production facilities they could get that low-skilled work done much more cheaply somewhere else and at the R&D facility they didn't think they had the workforce, even in Minnesota, to do the work that was required. And he said, "I want you all to hear something. I'm an American. I was born and raised in Minnesota. I love this state. I will live out my years here, but my company may never put another job in this country. Because business is no longer bounded by national borders. Not just capital, but also production, R&D, and all the other aspects of business flow to wherever in this globe it can be done most efficiently." And he said, "It's not a question of wages; I'm paying more money in Holland" (where he put one of his plants) "than I probably would pay for one of the workers here in Minnesota, and I'm sure paying a whole lot more in taxes because they've got this cradle-to-grave system that takes care of all sorts of human needs. But the bottom line is their system produces more efficient and more highly skilled workers than we do." I don't think you could have heard the proverbial pin drop in that room. Because all of a sudden all the theory I've been talking about, research data, and the 2,000 interviews and ideas were brought home very dramatically. This company may never put another job in the United States. And I can guarantee you right now in

Kansas, businesses are making comparable decisions. This is for me the equivalent of the Desert Shield or Desert Storm or anything else we've been through in the last decade in this country. If we do not address how we take care of our human resources, if we do not start paying attention to what children need in order to grow and develop, if we don't start reforming and reorganizing the institutions we entrust them to, such as our school system, and if business doesn't appreciate what it has to do differently to be competitive, we're going to hear that same speech made in lots of places.

I'm here, though, because I'm an optimist. And I also believe that when the going gets tough, we get going. And part of what your charge from this conference has to be is to take a hard look at wherever you come from and ask yourself what you can do to help this country address these issues. And if we get a critical mass of us willing to ask that question, and answer it positively, and be willing to take risks in the answer, then I'm confident we won't have to hear that Minnesota speech again, and we'll have lots of opportunities for lots of our states, and the people who live within them, to have the jobs they deserve for the lives we want them and us to lead. Thank you very much.

M- accept

ENGAGEMENT REQUEST FOR HILLARY RODHAM CLINTON

DATE May 2, 1991 TIME noon PHONE 919/733-7540

LOCATION North Raleigh Hilton
Raleigh, N C

ORGANIZATION North Carolina Department of Labor

SPECIAL EVENT Annual statewide Apprenticeship Forum

CITY Raleigh STATE N C COUNTY

CONTACT Neal Smith

ADDRESS North Carolina Dept. of Labor
4 West Edenton St., Raleigh STATE N C ZIP 27601

KIND OF ENGAGEMENT Speaking

TOPIC Your work with workforce preparedness and the need
for improved skills and abilities in the workforce

TIME ALLOTTED HR. 30-45 MIN. SIZE OF AUDIENCE 300

HONORARIUM	EXPENSES	ESCORT
DATE RECEIVED 3/26/91	PHONE X CORR.	PRESS CONTACTED
DATE CONFIRMED 4/2/91		PHONE ✓ CORR.
DATE BIO SENT 4/10/91	DATE PHOTO SENT 4/11/91	
DATE REGRETTED 4/11/91		PHONE CORR.
RESOLUTION		PHONE CORR.

TRAVEL ARRANGEMENTS

REMARKS If this date is open for you, you will receive an official invitation from former Governor Jim Hunt and the North Carolina Commissioner of Labor. Attendees will include business leaders, managers, educators and government agency representatives.

Overnight May!
North Raleigh Hilton
Raleigh
919/872-2323

is this where
Jim
staying?

3/26/91
faxed to HRC

September 13, 1991
State Conference on Adult
Basic Skills Education

CLINTON KANSAS, INC. SPEECH
"Healthy Development of Our Youth"

Sometimes when I come to places to address a group like this, I like to imagine in my mind what else might be going on in Kansas today. What other meetings are being held, and what other subjects are being discussed? And if we were to go up in a great big hot air balloon together (which is always appropriate for these occasions), and look down over the whole state and see everything that was happening, all the meetings that were being held, the caucuses and other civic events, and then ask ourselves, which of these would stand the test of time, which of these could make any difference whatsoever in real people's lives in five, ten, fifteen or twenty years, certainly the subject matter of this conference today should lead us to say that this is such a meeting. That bringing together people from around the state with varying backgrounds to look at the results of what I thought was an excellent report, and to think through what it means to talk about training, educating, readying people, Kansans, for the work force addresses absolutely critical issues. And depending upon how the questions at stake are answered, both collectively by all of us who are here as we take action together, and individually in each of our lives, this meeting could have a very big role in determining what kind of future exists, not only in Kansas, but across this country. So as I'm up here hovering above this state, I would have to guess that this meeting could, if it leads to action, be one of those that will make a difference in the next years.