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ETS Report: Converging Forces Threaten America's Future

Princeton, N.J. (Feb. 5, 2007) – Three powerful forces — inadequate literacy skills among large segments of the population, the continuing evolution of the economy and the nation's job structure, and an ongoing shift in the demographic profile of the nation, powered by the highest immigration rates in almost a century — are creating a “perfect storm” that could have dire consequences for our nation, according to a report ETS released today in a National Press Club Newsmaker press conference in Washington, D.C.

“America's Perfect Storm: Three Forces Changing Our Nation's Future,” a report by ETS's Policy Information Center, warns that America is in the midst of a perfect storm that, if unaddressed, will continue to feed on itself, further dividing us socially and economically, jeopardizing American competitiveness and threatening our democratic institutions. In the report, authors Irwin Kirsch and Kentaro Yamamoto of ETS, Henry Braun of Boston College and Andrew Sum of Northeastern University contend that the convergence of the three forces has serious implications for future generations and could turn the American dream into an American tragedy.

“America's Perfect Storm is a wake-up call with implications for education, business, policymakers and every parent and child,” says ETS President and CEO Kurt Landgraf. “It describes forces at play in society that will affect all of us in the near future. The American dream is the idea that everyone has the opportunity to make a living, provide for a family, and raise children who will be better educated and better off. If we fail to act now on the warnings sounded in this report, the next generation of children will be

worse off than their parents for the first time in our country's history. The American dream could turn into an American tragedy for many."

The report also offers hope that if we act now and develop new policies that will increase literacy skills across the population, we can reduce the impact of the storm, help our nation grow together, and retain our leading role in the world.

"America's Perfect Storm describes brilliantly the major challenges facing American workers and our economy as the result of an education system that fails to educate our young people, an increasingly technological global economy, and major demographic shifts in our population," says Arthur J. Rothkopf, Senior Vice President, U.S. Chamber of Commerce. "Unless we act aggressively and promptly to reform our public education system, the standard of living of U.S. workers will decline, and the U.S. economy will become far less competitive."

One of the major forces contributing to America's perfect storm is inadequate literacy skills among large segments of the population. "Individuals are expected to take more responsibility for managing various aspects of their own lives, such as planning for retirement, navigating the health care system, and managing their careers," Kirsch says. "Yet half of adults lack the reading and math skills to use these systems effectively and, therefore, will face challenges fulfilling their roles as parents, citizens and workers. Perhaps of greater concern is the fact that this problem is not limited to adults. Our high school graduation rate, at 70 percent, is far behind that of other countries, and our students lag behind many of our trading partners in reading, math and science."

The second force is a dramatically changing economy, driven by technological innovation and globalization. "The economy itself is experiencing seismic changes, resulting in new sources of wealth, new patterns of international trade, and a shift in the balance of capital over labor," Braun says. "These changes are causing a profound restructuring of the U.S. workplace, with a larger proportion of job growth occurring in higher-level occupations that require a college education, such as management,

professional, technical, and executive-level sales. The wage gap is widening between the most- and least-skilled workers; men with bachelor's degrees can expect to earn almost twice as much over their lifetimes as those without."

The third force contributing to America's "perfect storm" is sweeping demographic changes. "Half of the U.S. population growth into the next decade is expected to come from new immigrants, which will have a dramatic impact on the composition of the workforce, as well as on the general population," Kirsch says. "While immigrants come from diverse backgrounds with varying levels of education, we should recognize that 34 percent of new immigrants arrive without a high school diploma, and of those, 80 percent cannot speak English well, if at all."

Although each of these forces is powerful in its own right, it is their interaction over time that can have momentous consequences. "Our nation has a choice to make," Sum says. "If we continue on our present course, we will gradually lose ground to other countries and, in the process, become more divided socially and economically. Or we can invest in policies that will help us to grow together, policies that will result in better opportunities for all Americans."

Download the full report, "America's Perfect Storm: Three Forces Changing Our Nation's Future," for free at www.ets.org/stormreport. Purchase copies for \$15 (prepaid) by writing to the Policy Information Center, ETS, MS 19-R, Rosedale Road, Princeton, NJ 08541-0001; by calling (609) 734-5949; or by sending an e-mail to pic@ets.org.

ABOUT ETS

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