Barack Obama: Race, Diversity, and America’s Global Competitiveness

Robert L. Lattimer, The Lattimer Group, Inc

EXECUTIVE SUMMARY

This paper addresses the enormous opportunity and promise that the new American President, President Barack Obama must address as he provides a new form of leadership and charts a new, more worldview American administration; one that he has announced to be more collaborative, and inclusive. The paper also provides an introspection into America’s continuing difficulty at resolving the issue of Race relations, and the limiting impact that it is having on America fulfilling the opportunity for unleashing the country’s full capacity for creativity and innovation. The issue of Race could retard America at establishing a foundation for helping to shape America’s global competitive strategy, and for reaffirming America’s leadership as a balanced and reasonable world power; one that retains the moral authority throughout the world. An analysis is conducted, processes are presented, and solutions are offered, as this paper frames some of the more provocative issues that represent some of the major challenges that is defining the New Global Economy, and by extension, the New Age of Competitiveness.

Keywords: Diversity, Leadership, National politics, Racism

INTRODUCTION

It is my thesis, that there is both an intellectual and a practical debate under way globally to define what is the New Economy, and by extension, the New Age of Competitiveness.

This debate, of which I am actively participating, through my research, is to explore the intersection, and the impact of the structure of the global economies, the design of national public policy and workforce change, to the development of global economic systems, and the affect of such on governmental political stability.

The implications for sustained global economic growth and development, the complex tasks of the national policymaker, and the affects on global workforces are key in determining monetary programs by worldwide Central Bankers; in other words, actions by the national policymakers to influence growth through increased government action. It has been said that this is a time for a bold new era for global social and economic reform.

Currently national governments and global organizations in many parts of the world are grappling with the challenges of developing, and managing a more diverse workforce, a workforce in change.

A workforce in change is a workforce that is multi-cultural, multi-lingual, and multi-generational. Faced with the need to develop effective strategies to manage rapid changes in the global economy and in the 21st century workplace, as well as the need to establish a national growth economy that is sustainable; the new challenges have significant implications for the national policymaker, and the future construct of the global economy.
Since the issues of race, cultural transformation, and competitiveness involve dilemmas, at least within the context of the American history, and its current trans-generational and trans-racial society; the factors of a more inclusive reality as the new more expansive leadership model for the 21st century, could very well be, what I refer to as the promise of the President of the United States, Barack Obama, and his new world view.

The American people, who are the foundation of the U.S. economy, as well as to a large degree, the global economy, must appreciate, fully, the importance for participation in the new more globalized economy; an economy that is in transformation, and one that is being defined more in terms as the New Age of Competitiveness, and less in terms of trade protectionism.

**AMERICA AND RACE: A VIEWPOINT**

“The Black political movement has long been America’s moral conscience, reminding our country to live up to its promise.”

Bakari Kitwana, Editor, The Crisis

**Sambo Glasses**

It is said by many African Americans, that they have been helping to bring comfort to the majority of White Americans ever since they have been old enough to distinguish themselves from White Americans.

In games, classrooms, at restaurants, business meetings, in government, the military, various entertainment events, sporting activities, hospitals, senior citizen centers, in all facets of American life; in instance after instance, talk after talk, time after time; the majority of African American’s have answered the questions posed by the majority of Whites, and have made an effort to put Whites at ease.

Yet, through all the reaching, bending, stretching, twisting and turning, the majority of Whites still viewed African Americans through Sambo Glasses.

It was felt that all of this effort was to no avail, African Americans just couldn’t do enough, there was always more required by the majority of Whites.

It continued to be said that the majority of Whites still see African Americans as Sambos; those partially civilized, semi-human, non-educated, a variation of the age-old stereotype; underneath the veneer of civilization. To a larger degree, African Americans are still perceived as latent African warriors, potential criminals, “nappy headed ho’s,” mean and illiterate, or docile and jovial. However, from time to time in American history, some Whites would lower Sambo Glasses enough to look over the top, to see African Americans for brief moments as a person, as human, as a contributor to American society, but, rarely, did the majority of Whites remove their Sambo Glasses.

Some Whites have lowered Sambo Glasses enough to look over the top, and yes, to the extent that 61% of Whites, in 2008, by excising their popular imagination, have come to view the African American, as human; that is to contain a set of values that most Americans embrace; such values as discipline, hard work, self-reliance, and boundless optimism; even to be America’s President, that is, to be, their President, President of the United States of America. Is it possible? Has there been an American transformation? Has America’s trans-generational and trans-racial society been the cause for the removal of Sambo Glasses?

It’s interesting that in a December 12, 2008 AOL online Poll the following opinions where recorded:

**Can Obama be biracial and still be the first black president?**

Yes: 60%

No: 40%

Total Responses: 40,729
How do you see Obama?

Biracial or multiracial: 60%
Black or African-American: 26%
Other/I don’t define it: 12%
White: 2%
Total Responses: 42,278

Has your own race been difficult to define?

No: 89%
Yes: 11%
Total Responses: 32,2667

The unique paradox regarding the current President, President Barack Obama, is a paradox held by many within the African American community, with its great pride, respect, fascination, and encouragement for the new President is that, the African American community has developed many similarly talented individuals throughout the course of African American history, that of course, being American history.

President Obama is more of a phenomenon to Whites than to the African American; but of course, the majority of African Americans have not been equipped with Sambo Glasses.

The current question posed by many African Americans is, how far down, and for how long, will Sambo Glasses slide down the nose of the majority of whites, and when will Sambo Glasses be completely removed? Is America truly trans-racial?

The fundamental sentiment expressed by most African Americans is that race, and race relations may be better between Whites and Blacks now, yet, things have not radically changed.

The election of Barack Obama as President of the United States of America, with all of his talents, is indeed, the most significant single event at improving race relations in America, that is, since perhaps, Brown vs. Board of Education.

President Obama’s election victory has inspired more than the usual share of introspection regarding America’s destiny. No matter what Obama accomplishes, his presidency secured a unique status in America’s progress regarding race relations, and the equality thereof.

This of course has as much to do with what came before him as it does with the promise he signifies to America, and to the world. Should Obama himself take a longer view of what a presidential administration can do, his legacy might outshine many others. Or it might not, for that will depend not only on what he does but also on how history judges him.

There is little doubt that President Obama, brings to the Presidency of the United States, a unique set of talents and skills, so rare, that only he can derail his ambitious and his personal success.

Soon after then Senator Barack Obama, was declared president-elect, a segment of the news media, and the candidates themselves, reflected on the historical significance of the 2008 American election.

The New York Times declared that President-elect Obama “swept away the last racial barrier in American politics with ease as the country chose him as its first black chief executive.”
“The ascent of an African-American to the American presidency, a victory by a 47-year-old man who was born when segregation was still the law of the American land, is a moment so powerful and so obvious that its symbolism needs no commentary,” noted Politico.com.

“This is an historic election, and I recognize the special significance it has for African Americans and for the special pride that must be theirs tonight,” Senator John McCain, said in his concession speech.

But President Obama noted that his election is just one step along what will be a long and winding path.

For the first time, the promise for America appears to be beyond race; beyond Sambo Glasses. America seems poised to embrace and unleash all of its creativity, and its talent, to embark on establishing a platform for defining America’s New Age of global Competitiveness.

**AMERICA’S DIVERSITY AND THE NEW AGE OF COMPETITIVENESS: A CONTEXT**

“None of us is as smart as all of us.” A Japanese proverb.

The vast majority of those involved in the American economic system are aware that a transformation is redefining the global economic system. The vast majority realizes that fundamental changes are occurring within the workforce, society, culturally, organizationally, and governmental.

Faced with the need to develop effective strategies to manage rapid changes in a global economy and in the 21st century workplace, as well as the need to establish a national growth economy that is sustainable; these new challenges have significant implications for the national policymaker, and the future construct of the global economy.

While some may view these changes, this transformation, as an unwanted and intrusive challenge to the current status, most are coming to view these changes, this transformation, as providing extraordinary opportunities for improving organizational performance in a highly competitive, multi-cultural world.

With a growing global competitiveness, the performance of teams and the impact of diversity on team performance have become matters of the highest priority by those that not only seek to establish the great global moral authority, but to those who are seeking to provide political stability through sustainable economic development.

Based on the current global debate to work through a way that creates and distributes wealth, by methods of fair, and market driven policies and approaches, that while work groups, and work teams out-perform individuals, diverse group teams significantly outperform homogeneous teams, especially in problem solving and decision-making; therein another consideration for the global national policymaker.

Based in part, on my extensive applied research findings within AT&T, General Electric, Harris Trust and Savings Bank, and Grumman Vought Aircraft Company; a diverse team invariably brings a variety of perspectives and a level of creativity to bear on problem analysis, alternative generation of ideas and selection, as well as increased productivity, that is difficult to duplicate when diversity is absent. As a result of my travels in many parts of the world, observing the performance of teams, I have found that the performance of diverse work teams is one approach to the economic foundation for implementation worldwide; inclusion not only is a foundation for sound economic policy, it is also supportive of political stability.

The last 20 years have witnessed a unique confluence of forces in global societies; profound and fundamental demographic, cultural, social, governmental and economic changes are increasingly impacting the life of so many, in the farthest corners of the world.
Traditionally, American culture has been viewed as a melting pot, and nowhere has this view been more accepted than by its business community.

Organizational customs, developed when the workforce was relatively homogeneous, assumed that what was successful in the past would be successful in the future.

As a result, when newcomers join organizations, they are expected to adjust to the traditions, and to the norms of the majority; to emulate the behaviors and strategies that previous generations have found successful. In other words, they must learn the ropes. Roosevelt Thomas has put it succinctly: “The American approach to diversity has been assimilation.” And assimilation reinforces the rightness of traditional ways of doing things, and often creates an organizational myopia that either mandates conformity or creates confusion, isolation and tension among those who do not conform.

However, as more and more nations, and organizations within, are discovering that if people who bring diversity into the workforce are forced to conform in irrelevant ways, the nation’s organizations lose valuable insights, and productivity, both of which could help those within organizations to contribute to the national good, improve problem solving, make better decisions, develop more creative and innovative solutions, adapt to differences among constituencies, and adjust to increasing cooperativeness and constructive competitiveness.

What has also become evident in my research is the growing realization that much of the efficacy of diverse work teams is paradoxical in nature, and it is precisely that, which will establish more diverse teams as the principal work unit for most of the 21st century and beyond; provided that the national public policy supports such inclusion. It is my view, that no longer can national governments afford the cost for non-inclusion policies, whether such policies are “Black Economic Empowerment,” “Employment Equity,” or “Affirmative Action” programs.

Some of the paradoxes include:

- The Paradox of Cooperation: It was the early consensus by many university researchers that including diversity into the traditional team structure would disrupt the harmony, and the effectiveness of the homogeneous team process.

  My applied research within AT&T, General Electric, Harris Trust and Savings Bank, and Grumman Vought Aircraft Company proved that the above was not so.

- The Paradox of White Male Individualism: It was predicted that diverse work teams would create difficulties for the majority of white males who were raised in a majority culture of individualism.

  Again, my applied research proved otherwise.

- The Paradox of Cohesiveness: It predicted that diverse work teams would lack the cohesiveness essential to avoid “process loss,” and thus, to fulfill the team’s potential.

  In fact, my applied research provided evidence that diversity, with a strategic maintenance, would prevent the cloning of ideas, groupthink, and the consequent of the retarding of the creative problem solving process.

- The Paradox of Risk: There has been some concern that diverse groups would lead to the generation of relatively safe alternatives and decisions. However, the many options created by the diversity within the team, insured the introduction of appropriate risk that expanded not only innovation but increased levels of productivity.

- The Paradox of Efficiency: My applied research has discovered that teams generally, and diverse work teams specifically, are actually more efficient at problem solving and decision making than
are individuals. This fact was found to be so, because of the organizational representation contained within the diverse team, such that a decision by an individual or by the relative homogenous team prevents the re-induction of a solution decision throughout the organization.

- The Paradox of Conflict: It has been asserted by some that a major flaw of the diverse work team is the natural tendency to generate conflict and, since conflict is basically destructive, may severely inhibit the constructive group process, if not resolved at great cost in time and resources. However, my research findings coincide with those of Kenwyn Smith and David Berg, who suggest that such conflicts are essential to the very concept of constructive group life, which in the end, trends to be channeled into the development of more creativity and innovation.

My leading edge applied research entitled “Team Performance and Diversity: Process and Productivity,” found that the numerous factors that make teams more effective than individuals, cause diverse work teams to far surpass in performance their homogeneous counterparts.

The sheer variety of experiential and cultural perspectives brought to bear on problem issues, the generation of alternatives, the higher levels of critical analysis of those alternatives and the resulting higher quality decisions produced by team diversity, resulted in a vastly more competitive organization, an organization that is prepared to effectively compete in the 21st century; which in the broadest sense, could begin to define the new global economy, through the current global cultural context of inclusion.

BARACK OBAMA, AND THE PROMISE OF AMERICA’S GLOBAL COMPETITIVENESS: 2009 AND BEYOND

“The high flyers on Wall Street will no longer be able to jeopardize that personal economic security of Americans, again, because of the bright light of scrutiny and accountability and the attention given under regulatory reform.”

Nancy Pelosi, Speaker of the United States House of Representatives

Situation Review

The verdict is in. The great credit bust of 2008 is, by most accounts, the culmination of 30 years of steady debt accumulation by American households and financial institutions. Between 1977 and 2007 total credit market debt outstanding in the United States rose from 1.6 times the gross domestic product (GDP) to 3.5 times. In other words, over the past three decades U.S. society’s debt grew about twice as fast as its ability to repay.

For at least the past 15 years, economists and financial advisors, with few exceptions, have been warning Americans that they were living beyond their means. People were borrowing too much and saving too little. Since 1990, outstanding home mortgage debt has grown from 60 percent of disposable personal income (DPI) to 100 percent in 2008, as some consumers financed multiple properties or withdrew equity from their homes through home equity loans and mortgage refinancing. Over the same period, other consumer credit, mostly credit cards, rose from 18 percent of DPI to 24 percent. The savings rate plunged from 7 percent of personal income in the early 1990s to below 1 percent by 2008.

Forgive my analogy, but, if American households were debt addicts, American financial institutions were their debt pushers. In fact, over the past several years, the debt of U.S. financial institutions actually grew faster than the American household debt. Wall Street created and marketed the complex mortgage securities that helped fund the real estate boom. Main Street banks and mortgage brokers, many with lax underwriting standards and aggressive sales techniques, originated the mortgages, and hedge funds, mutual funds, and pension funds invested in the securities.

As government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac used their low borrowing costs and their highly leveraged balance sheets to substantially expand their purchase of subprime mortgages and
thus help fuel the 1998 to 2006 surge in housing prices. By mid-year 2008, Fannie Mae was the nation’s fourth largest financial institution with assets of $886 billion. Freddie Max was close behind with $879 billion in assets.

The increasing credit risks undertaken by the GSEs have been publicly debated since the late 1990s. Earlier in this decade, former Federal Reserve Chairman Alan Greenspan frequently warned the Congress about the systemic risks posed by these giant quasi-government lenders. Representative Richard Baker (R-La) held public hearings about the GSEs questionable accounting practices, excessive executive compensation and excessive risk taking. He and a few others eventually introduced legislation to rein in their growing market power.

But not much was accomplished because of the GSEs ability to counter more aggressive regulation through effective lobbying efforts and their powerful Republican and Democratic supporters in Congress.

Weighed down by their huge subprime mortgage portfolios, both Fannie and Freddie failed and were put into a conservatorship.

Beyond an unwitting Congress, an unwitting Federal Reserve also played a role. In 2003 to 2004 the Federal Reserve pushed short-term interest rates down to 1%, thereby creating an ideal environment for those super low teaser rates on adjustable rate mortgages. What’s more, many mortgage lenders qualified borrowers on their ability to pay an artificially low teaser rate, not the higher interest rate to which the mortgage would eventually reset.

Going forward, it is unlikely that the economy will benefit from a technology boom of the 1990s or the housing bubble of the 2000s to sustain its growth. And it is unlikely that debt driven consumer spending (American’s are into saving now) or Wall Street (increase regulation and less unrestricted innovation is now the rule of the day) will provide the same boost as in the past. If America is going to provide opportunities for all Americans going forward, it will need to make the right investments today to rebuild American competitiveness by investing in its people, its ideas, and its infrastructure.

President Obama and his policymakers must boost the economy in the short term and also build the foundations for the long-term competitiveness of the country. Additionally, the competitiveness agenda should be motivated by, and must be responsive to the changes in the fabric of the global economy, and the increase in global integration, and the attendant shift in economic power to the rising powers such as China, India, and Brazil.

President Obama would do well to establish a strategic vision of the world, and the role that America should play on a wide range of issues, global economic development, political stability, and America’s competitiveness being three of the many issues, see the following charts.
To craft a course for American competitiveness, the new American leadership, and its policymakers must first recognize how the world has changed, and what this means for the United States and to that of its global influence.

In essence, the world has fundamentally changed, but U.S. policies have not. America now needs to catch up, and begin adapting to at least two fundamental global changes.

First, America must accept that it operates in a global economy and it will be around for the foreseeable future:
The global economy is significantly larger, more dynamic and more integrated than ever before. Since 1992, global output has more than doubled, to $48 trillion. From 2000 to 2007 alone, the volume of world trade increased by 80 percent.

Globalization is fundamentally altering labor markets around the world. Today, 80 percent of American workers are in services, up from 65 percent in 1960. And the rater inexpensive and easy flow of information enabled by the Internet means that many service jobs can be performed from almost anywhere, raising domestic fears of off shoring millions of service jobs.

The unequal distribution of the benefits of globalization makes many Americans anxious about their futures. The integration of the combined low-wage labor forces of India and China into global labor markets has likely exacerbated income inequality in many of the world’s richer economies. Ensuring that American workers have both the skills needed to compete for the best, highest paying jobs and the economic security to weather tough times is the cornerstone for rebuilding American competitiveness.

Second, the global balance of economic influence has shifted dramatically:

America’s traditional place as the world’s economic leader is being challenged. The Group of Seven economies once dominated the global economy, producing 65 percent of the world’s output just five years ago. By 2030, the G-7s share of world output is expected to fall to 37 percent. Perhaps even more striking, the major emerging economies will almost match that share, with an expected 32 percent of global output by 2030, which is up from 7 percent in the early 2000s. The United States, Europe and Japan increasingly are sharing the stage with powers such as Brazil, China and India.

Currently, the Asia-Pacific region accounts for nearly 60 percent of the world economic output and about half of the world’s global trade.

China alone accounts for more than one tenth of global output. If per capita income in China continues to grow by 7 percent a year, China’s average living standard will rise a 100 fold over a lifetime of 70 years, which will have a vast impact on the United States and other economies. A striking example of this major shift in the balance of power is provided by the World Trade Organization’s Doha Round of negotiations to liberalize international trade: For the first time in history, a round of these negotiations cannot succeed without the agreement of the largest emerging markets.

This dispersion of economic power means that nations that once watched from the sidelines are now production and distribution hubs, service centers and financial headquarters. They are accumulating wealth, moving capital and investing at home and abroad. Take ports, for example. Several countries are leapfrogging past the United States by investing in world-class ports. China is investing $6.9 billion in ports; the port of Shanghai now has almost as much container capacity as all U.S. ports combined. Singapore, with a population of less than 5 million people, is spending well over 7 billion to increase its container capacity, and as a result, its port will have 30 percent more container capacity than all U.S. ports combined. In many other ways, these governments are investing in their people, ideas, and infrastructure, reflecting a deep commitment to the long-term prosperity of their people. The U.S. government should be similarly committed, or else the U.S. will place its workers at a disadvantage.

Within this broader context, President Obama needs to initiate a major strategic response to the new global economy and its challenges to U.S. competitiveness. To do so effectively, President Obama must invest anew in the tools that undergird U.S. competitiveness for the long-term: people, ideas, and infrastructure; fore, it is my view that this is the new American national security issue.

The measure of America’s competitiveness is not solely productivity growth, but importantly the extent to which all Americans are able to share in the benefits of growth. It is about providing opportunities for Americans from across the socio-economic, racial and ethic lines to thrive. It has been most disappointing to me that President Obama, a by-product of very modest financial means, has at the time of this writing, not made a comment regarding America’s poverty, and any plan to address such.
Increased competitiveness need not come at the expense of others within the United States, or abroad. An expanding global economy means that more nations and people can achieve higher standards of living.

The threat to U.S. competitiveness is not that emerging economies are becoming too strong, but that polarization and paralysis in Washington have allowed the U.S. economy to become too weak while other nations have been investing heavily in their people, ideas and infrastructure.

It is now past time for the American President to renew America’s core, expand the core, and create the new American competitiveness core. This can be achieved by the new American President to establish a new American vision, set a clear operational mission, be clear on the American strategic initiatives, allocate resources (talent, time, financial, technology) and of course set the right metrics from which to evaluate progress.

To do so, the new American president would have established a framework from which to position America for success in the New 21st Century New Age of Competitiveness.

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About the author: Robert L. Lattimer is the Managing Partner of the global management consulting firm, The Lattimer Group, Inc.; is a Senior Fellow, Diversity Studies at Rutgers University, Edward J. Bloustein School of Planning and Public Policy, John J. Heldrich Center for Workforce Development; lecturer, Rutgers University Graduate School of Business, subject matter, corporate and organization strategy; member, Advisory Board, Institute for Non-Profit Management and Governance, Rutgers School of Social Work. Lattimer is also serving as Chairman of the board of directors, American Society for Competitiveness (ASC), where he received the organization’s award for “Global Strategy Formulation and Execution.”
Lattimer’s international travels involves Canada, Japan, Namibia, Republic of South Africa, Taiwan, South Korea, and the United Kingdom, where he provides consulting services, is a visiting lecturer, keynote speaker, author, and conducts research regarding the economic and management processes.

Lattimer has authored many articles and a book chapter regarding business and economic issues. His most recent work, “Transformational Strategy and Competitiveness,” was highly acclaimed, as were his articles entitled “The Case for Managing Diversity in the Republic of South Africa,” and “Unleashing Creativity.”