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## NOPE, WE CAN'T EDUCATE OURSELVES OUT OF THE RECESSION. HERE'S WHY.



When the economy falters, as it has during the current pandemic, we inevitably hear the **refrain**: Education and training are policy solutions that will make a major dent in unemployment—especially if they involve acquiring technical skills.

The problem is, they're wrong.

"It could work for an individual, but it doesn't work as an economic policy," NEPC Fellow Gordon Lafer of the University of Oregon **recently told the BBC**. "Every time there's an economic problem job training is trotted out . . . and it's never worked."

Professor Lafer, a political economist, says this policy solution is especially misguided during the current downturn because the pandemic is responsible for the pandemic-unemployment—not the lack of skills of the people who are unemployed.

"If job training was ever going to work it's not now," he **said**.

More generally, Lafer's book, *The Job Training Charade*, lays out the reason why reskilling repeatedly fails: The problem is a shortage of jobs, not of skilled and willing job seekers.

Unfortunately, decades worth of job training policies have ignored this inconvenient fact in favor of anecdotes about individual employers who claim to be unable to fill specific positions. In a 2018 **interview with *The Atlantic***, Lafer describes his own experience in the 1980s as an economic policy analyst for former New York City Mayor Ed Koch.

Mayor Koch was running around town making speeches about the widespread availability of well-paying jobs—all based on a conversation with a sheet metal firm executive who had told the mayor something along the lines of, “Even for 10 bucks an hour, you can’t get people who want to work.” Lafer and others in the mayor’s office were soon inundated with letters from desperate job seekers asking where they could find these \$10-an-hour jobs. Lafer was told to suggest that they contact job training centers, despite the fact that his research found that many of the jobs that were available paid less than minimum wage.

Multiple subsequent studies found that these federal job training programs were, for the most part, failures. The [largest single study](#), which followed 20,000 people over four years, found that people got the same types of jobs regardless of whether they’d participated in the program or not. Young people aged 16-21 actually earned less than a control group if they participated in the programs. As for the companies complaining that they can’t find someone to fill their jobs, the problem is often that they just aren’t paying enough, so they needed to offer more money. It’s not that no one qualifies or wants to work—it’s that people need to support their families.

So why are job training programs trotted out as large-scale policy solutions every time the economy falters? One reason is that it is easier to blame and train low-income people who are unemployed than to address the core issue that there are not enough jobs to go around. Lafer suggests some more effective solutions, such as making it easier for workers to unionize (the percentage of unionized workers has risen during the pandemic because non-unionized workers were more likely to be laid off). He also points to the need to raise the minimum wage, to pay more in job areas that do need workers, and to discourage companies from laying off employees and moving jobs overseas.

## NEPC Resources on Education and the Workplace

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