

a scathing critique of the “failing public schools” picture, arguing that most of the decline in test scores could be attributed to an influx of low-performing students into the pool of those taking the tests. The authors also made the case that the international data were misleading because they could not adequately take into consideration differences in national curricula and other factors that complicate such comparisons. More recently, an analysis of New York City data called into question Michael Bloomberg’s claim that the city’s public schools were in decline before he took the helm as mayor (Brennan 2009).

The context of such research was the neoliberal attack on public education, which proved impervious to reasoned discussion. Experts who questioned the school reformers’ interpretation of educational testing data were widely criticized for being complacent about the state of America’s schools (Berliner and Biddle 1996; Stedman 1996a, 1996b). Such criticism showed the circular reasoning and ideological nature of school reform orthodoxy—“test data tell us that public schools are failing, and if anyone thinks the data tell us something else, that only shows they’re in denial that public schools are failing.”

In reality, the statistical evidence raises complex questions that merit open-minded and informed public discussion (Koretz 2008). However, such discussion would not serve the purpose of neoliberal reformers, who have little interest in understanding the real problems confronting schools but are hell-bent on remaking public education in the image of free market capitalism.

SCHOOL REFORM AND ECONOMIC STAGNATION

The climate of public hostility in which American teachers and teachers’ unions find themselves today is rooted in nearly three decades of public policy. The current wave of school reform in America was launched in 1983, when a presidential commission of corporate, government, and education elites concluded that the country’s education system was failing to produce a competitive workforce. “A Nation At Risk,” the commission’s famous report, warned that “the educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a Nation and a people” (National Commission on Excellence in Education 1983).

The main evidence cited in support of this somber conclusion was an alleged drop in SAT scores between 1963 and 1980⁵ and America's relatively poor performance on international tests. The commission's recommendations included "higher standards," better teachers, and "performance-based" teacher salaries. This same agenda has pervaded the education policies of all presidents, Republican and Democratic, from the 1980s through the Obama administration. It was and is echoed by corporate elites, politicians at every level of government, and local school boards. Compton and Weiner (2008) have shown that this movement in the United States is part of a broader neoliberal attack on teachers and teachers' unions occurring worldwide. They document the forms it is taking in different countries and the various ways teachers are fighting back.

Student test scores are central to the school reform movement in two ways. First, school reformers cite poor performance on international tests⁶ as evidence of a crisis in American public education. Second, standardized tests—especially state reading and math tests—provide the data school reformers use in evaluating the success of both educational reform policies and individual teachers, administrators, and schools. In Chapter 7, I discuss why standardized test scores are not an adequate basis either for diagnosing what is wrong with public education or for creating better schools (see also D'Agostino 2012c). In this section, I limit myself to the question of whether public school performance, as measured by standardized tests, can be a relevant measure of how well prepared the country's youth are to be productive in workplaces when they leave school.

School reformers typically misconstrue the training deficits that confront American employers, most of whom are satisfied with most of their employees' traditional academic skills (National Center on Education and the Economy 1990). Employers who say they cannot find enough qualified workers are typically referring to something other than academic rigor. First, there are not enough job applicants with the specific

5. The "Sandia Report" later showed that the commission's finding of declining SAT scores was based on faulty statistical analysis. One of the report's authors told a journalist that it was suppressed by the Reagan administration's Department of Education, which had appointed the commission (Miller 1991). This is consistent with the obscurity of the report for nearly ten years; it was published only in 1993 in the May/June issue of the *Journal of Educational Research*.

6. Two widely cited international tests are the Trends in International Mathematics and Science Study and the Program for International Student Assessment (U.S. Department of Education 2011). Ironically, one of the main reasons for lackluster U.S. performance on these tests, aside from the high incidence of child poverty in the United States and inequitable funding of schools, is the country's preoccupation with "hard data" provided by multiple-choice tests. The most academically successful countries, by contrast, routinely employ holistic assessments, such as open-ended essay questions (Darling-Hammond 2010).

technical training needed in emerging industries. Successful European and Asian countries provide such training through free, government-run technical schools and retraining programs (National Center on Education and the Economy 1990), a solution shunned by American free market ideologues.

Second, there is a shortage of workers who can analyze needs and formulate and creatively solve problems, both independently and in collaboration with coworkers. These higher-order cognitive and social skills are cultivated by schools that feature learning teams and inquiry and project-based instruction. While such schools are the norm in highly industrialized foreign countries (Darling-Hammond 2010), they are ironically neglected (or even attacked) in the United States by school reformers preoccupied with multiple choice test data. To be sure, American school reformers do recognize that good jobs in the twenty-first century require higher-order skills, but they do not support the kind of schools that produce such outcomes because that type of school does not fit the reformers' notion of academic rigor (Meier 2009).

In summary, America is not faltering economically because of a shortage of rigorously educated workers. While it is true that the most successful European and Asian countries produce a larger proportion of college graduates than the United States (Darling-Hammond 2010), millions of the college graduates whom the United States does produce cannot find employment requiring their level of education (Matgouranis 2010). American corporations are outsourcing engineering and other skilled jobs to China and India not because there is a shortage of qualified Americans to do these jobs but because there are qualified foreigners who will do them for lower pay. Under these circumstances, graduating more engineers will not result in more wealth being produced in the United States; it will only lower the salaries of American engineers. While lower labor costs are in the short-term interest of corporations and their owners, it is not in the public interest to invest in human capital only to have it remain idle.

I am far from suggesting that the United States should provide less education for its people. My point is that corporate elites and rich investors who blame American education for the country's economic malaise are diverting attention, whether consciously or not, from their own responsibility for that malaise. Were these same elites and investors to build factories in the United States and provide industrial engineers with good salaries and benefits, more young people would want to go into engineering, and schools would turn out more engineers. Similarly, if America's ruling elites consented to pay the taxes needed to properly

maintain roads, waterworks, and other public infrastructure from which they benefit, the resulting work opportunities in civil engineering would motivate more students to enter that field.⁷ Instead, the low-wage strategy of American neoliberal managers and fiscal neglect of public infrastructure depress the job market for engineers in the United States, providing no incentive for students to enter the field or for universities to train them.

The limiting factor for America's production of wealth is not a shortage of highly educated people reflecting an alleged deficiency of public education. Rather, these factors include the exporting of capital by corporations seeking cheaper labor abroad, the squandering of human resources and physical capital on unproductive military programs, the unwillingness of rich investors to forgo high short-term profits in order to invest in increased productivity, and the unwillingness of rich taxpayers to invest adequately in the country's public infrastructure. The scapegoating of schools and teachers for America's economic decline is one way that the country's irresponsible ruling elites maintain their power, even as their policies batter the middle class and the poor.

To be sure, some proponents of school reform also have a critical perspective on U.S. corporate policies. The report *America's Choice: High Skills or Low Wages* criticized most U.S. businesses for neglecting long-term investment in training their personnel for high-productivity systems, partly because of pressures from Wall Street for short-term profits and partly because of attachment to an obsolete, assembly-line paradigm of work organization (National Center on Education and the Economy 1990). The report also argues that the United States is not adequately committed to training non-college-bound youth (and to retraining unemployed workers) for emerging industries, in contrast with Germany, Japan, Sweden, and Denmark. I agree with all these points.

A more recent report by the same organization, *Tough Choices or Tough Times*, deals more extensively with America's educational system, arguing that it is not preparing our youth for "high-value-added" jobs in such fields as research and development, design, marketing and sales, and global supply chain management (National Center on Education and the Economy 2007). The report contains many valid ideas, especially on

7. This assumes that political elites do not undercut American engineers when they do act to maintain infrastructure. In a kind of *reductio ad absurdum* of neoliberalism, however, New York City recently awarded a contract for repairing the Alexander Hamilton Bridge to a subsidiary of China State Construction Engineering Company (Semple 2011).

the need to replace local funding of schools with equitable state funding⁸ and to reorient curricula from multiple-choice tests toward project-based assessments that value creativity. But the underlying assumption of this report, as with its predecessor, is that formal training and education are the limiting factors in America's economic performance. Both reports are remarkably silent about fundamental causes, especially the militarist and neoliberal policies that deprive the civilian economy of capital and well-paid jobs.

Robotic manufacturing is conspicuously absent from the list of high-value-added jobs in *Tough Choices or Tough Times*, a prime example of the postindustrial fallacy that the United States no longer has a comparative advantage in manufacturing and must now base its prosperity on services. In reality, as discussed in Chapter 2, services depend on equipment and other manufactured goods both directly (e.g., computers, office supplies, and telecommunications equipment) and indirectly (e.g., to construct and maintain facilities and generate needed electricity). All these machines and materials need to be manufactured, and the United States cannot correct its trade deficits unless most of this manufacturing is done domestically.⁹

In addition, human capital is not only developed through formal education or technical training but also arises continually from the interaction of workers with one another and with machines during the process of production in actual workplaces (Rynn 2010). The relocation of production abroad is therefore a fundamental reason for the deterioration of human capital (e.g., production skills and know-how) in the United States. Here, *Tough Choices or Tough Times* inverts cause and effect, arguing that a lack of skilled labor in the United States is driving capital abroad while in fact American corporations are not utilizing the skilled labor that the country already has and, by relocating production abroad, are causing production skills and know-how to atrophy.

8. As part of this proposal, the report advocates paying teacher salaries according to state civil service pay scales, with some modification based on merit. It is worth noting that Joel Klein, a member of the commission that produced the report, appended a statement dissenting from this proposal and affirming a more hard line school reform position (Klein 2007). While the report views teachers as highly skilled professionals and does not single out teachers' unions as a threat to quality, Klein was obsessed with breaking the teachers' union in New York City. One of his techniques was to create a budgeting system for schools that gave principals financial incentives to hire lower paid teachers irrespective of merit, consistent with the neoliberal attack on wages discussed in the previous chapter.

9. Further, the same corporate elites who outsourced American manufacturing jobs in search of cheaper labor are now outsourcing computer programming, telephone- and internet-based technical support, and other service jobs.

In summary, the deficiencies of American public education, real or imagined, cannot explain the long-term economic stagnation of the United States and its middle class. I turn now to the other claim of neo-liberal reformers noted previously—that American public schools are failing to provide poor minority children with the educations they need to be successful. This is related to the so-called achievement gap, the persistence of poor academic outcomes for black and Hispanic youth relative to their white and Asian American peers.

SCHOOL REFORM AND THE ACHIEVEMENT GAP

As noted previously, school reformers present themselves as champions of equal educational opportunities and high expectations for all children regardless of race, class or ethnicity. While affluent families can afford private school tuition, disadvantaged black and Hispanic families depend on publicly funded schools. According to the reformers, traditional public schools are failing to close the educational achievement gap between disadvantaged and affluent children for two reasons (Hess 2006). First, public schools are government monopolies whose staffs have allegedly grown complacent because of a lack of competition. Second, contracts with teachers unions, which provide for tenure (job security) and which base salaries on seniority, allegedly protect incompetent teachers and fail to reward those who excel. This analysis is essentially an application of neoliberal ideology to public education.

The remedy, according to the school reformers, is to remake public education in the image of the competitive free market. This can be accomplished by abolishing tenure, instituting merit pay for teachers, and increasing school choice—that is, setting schools in competition with one another and empowering families to choose the best ones (Hess 2006). Increasing the number of publicly funded but privately managed charter schools (see Appendix 3.1) is a major strategy for expanding school choice. These reforms, according to their proponents, will reward excellent teachers and schools and weed out incompetence. With excellent publicly funded schools, the reformers say, poor minority families will finally have what they need to enter the middle class and prosper.

There is something seriously wrong with this picture. If government monopoly power and teachers' unions make public schools dysfunctional, then why are government-run, unionized public schools in affluent suburban districts doing so well? Why is there no movement in Beverly Hills, say, or Scarsdale to abolish tenure and institute merit pay? Clearly,

the excellence of these schools flies in the face of reformers' theories about the pernicious effects of government power and unions. What, then, accounts for their high-quality programs and good academic outcomes? One factor is obvious—money, plain and simple. The large role of local property taxes in funding public schools in the United States produces a discrepancy in the resources per student available to most affluent suburban schools compared to those in poor rural and urban districts (Adler 2010; Kozol 1991, 2005). These differences in resources affect educational quality in a number of ways but especially class size, a well-established factor affecting academic performance (Class Size Matters 2011; Mishel and Rothstein 2002).¹⁰

The second major factor is socioeconomic (Koretz 2008). Children in affluent circumstances enjoy a number of key advantages denied to their counterparts struggling with poverty (Duncan and Murnane 2011). They go to school with their material needs met—including nutrition, health care, and freedom from violence—enabling them to focus on academic learning. Their early childhood experience was enriched by educational toys and a home culture in which reading and creative leisure activities such as hobbies played a prominent part. Their parents, typically college educated professionals, speak to them in standard English rich in academic vocabulary and impart the expectation of college and professional success as well as the associated work habits. They have quiet spaces to do homework and the time to do so since they do not have to earn money, provide child care to their siblings, or meet other unmet needs of the family at the expense of their own educational needs. They have attended good schools from the outset and are at or above grade level.

Schools populated with children having all these advantages cannot help but achieve better academic outcomes, on average, than schools serving the rural or urban poor. That would be so even if the former schools did not have smaller class sizes, highly qualified teachers, and all the other advantages that come from greater funding per student.

10. W. Norton Grubb (2009) disputes this, arguing that money has little impact on educational quality. While dismissing the importance of class size, Grubb focuses on the fact that teachers in underperforming schools on average spend more time on matters of administration and discipline and less on good pedagogy than teachers in high performing schools. But his assumption that pedagogical practice is independent of class size is unrealistic, indeed absurd to anyone who has actually taught in both kinds of school, as I have. A classroom of 20 high performing students may be very manageable, enabling the teacher to focus on pedagogy, while a classroom of 20 academically and socially-emotionally needy children may be completely unmanageable, making it virtually impossible for even the best teacher to employ the same teaching methods. While the class sizes are the same and the two teachers' practices vary greatly, a competent researcher will not conclude that the former plays no causal role while the latter does.

Compensatory federal and state spending for schools that serve the poor—which justice urgently requires—cannot entirely level the playing field for all children as long as extremes of wealth and poverty create highly unequal material and cultural circumstances for children before they even set foot in school (Duncan and Murnane 2011). The racial and ethnic achievement gap, a poison fruit of deeply entrenched class inequality, can be overcome only by egalitarian economic arrangements in the society as a whole.

Indeed, 10 out of 12 of the countries that outperform the United States on international tests have greater class equality than the United States, in most cases *much* greater.¹¹ To be sure, there is no easy way to assess the causal contribution to national test averages of this or any other single factor (Koretz 2008), nor is it even clear to what extent these averages are meaningful measures of academic achievement, as the debate between Stedman (1996a, 1996b) and Berliner and Biddle (1995, 1996) attests. But if these international differences mean anything—and school reformers are emphatic that they mean that American public schools are failing—then the data completely demolish the explanations that school reformers give for the alleged failure. Specifically, government monopoly power and teachers' unions cannot account for any academic underperformance that may exist since the countries with higher test averages have government schools much like those in America, most of them unionized. What those countries do not have are America's extremes of wealth and poverty and inequitable funding of public schools.

Given the crippling effects of poverty—which inner-city teachers wrestle with day after day with inadequate resources—the insistence of school reformers on high expectations for poor students is insufficient at best and a cynical diversion from the need for fiscal equity at worst. Public school teachers who work tirelessly to motivate disadvantaged youth do not need school reformers' lectures about high expectations. Nor is the problem that simple. In fact, the school reformers' definition and

11. I examined the 2009 scores on the Programme for International Student Assessment (PISA; Organization for Economic Cooperation and Development 2010) and recent Gini index data (World Bank 2011), which measures economic inequality within a country on a scale of 0 (complete equality) to 100 (complete inequality). Twelve countries scored significantly higher than the United States on all three scales of PISA (reading, science, and mathematics). Of these, 10 had lower Gini scores than the United States, which had a score of 41. Ranked from most egalitarian to least, these 10 countries with their Gini scores were Japan (25), Finland (27), the Netherlands (31), Korea (32), Belgium (33), Canada (33), Switzerland (34), Australia (35), Estonia (36), and New Zealand (36). Only two countries that outperformed the United States had greater social inequality: Singapore (42) and Hong Kong (43).

measurement of academic achievement in terms of standardized test scores has highly destructive consequences for disadvantaged minority students. Schools forced to close the achievement gap by that measure—which is the thrust of both the Bush and Obama administrations’ policies, including No Child Left Behind and Race to the Top—are forced to substitute pedagogically worthless test preparation, which destroys the love of learning, for authentic education.

Consider, for example, a mathematics course designed to produce the highest possible scores on a standardized test. Such a course cannot devote a significant amount of time to ways of learning or topics that do not improve test scores, such as inquiry-based problems, student-chosen projects, and other activities that tap students’ curiosity, cultivate creativity, and lay a foundation for lifelong learning (Lockhart 2009). While all schools face these trade-offs, those in affluent communities with students mostly at or above grade level have far more latitude in designing a curriculum that balances traditional skill building with projects and inquiry-based activities.

By contrast, a school serving disadvantaged students who are mostly below grade level—whether a charter or a traditional public school—must jettison a balanced curriculum that educates the whole person in favor of mind-numbing and spirit-killing test preparation. Such “excellence” is driving tens of thousands of America’s best teachers out of the profession and millions of minority youth out of school (Noguera 2008). Most students who stay in such schools emerge permanently scarred with a lifelong hatred of academic learning. Any reader who thinks I am exaggerating needs to spend a single semester inflicting test preparation on disadvantaged children or at least listen—really listen—to the experience of teachers and children forced to endure such “education.”

Authentic education and test preparation have diametrically different, profound, and lifelong effects on the self. A curriculum rich in projects and inquiry-based experiences continually sends children the message that their ideas matter. It cultivates independence of thought and initiative, essential traits of effective problem solvers, autonomous citizens, and authentic leaders. The test-oriented curriculum, by contrast, sends the message that only the test makers’ ideas matter. It socializes youth into a culture of mindless conformity and obedience.

To be sure, this kind of authoritarian culture appeals to conventional employers, and for that reason many disadvantaged families struggling to enter the middle class acquiesce in test-oriented schooling or even seek it out. This is perhaps the main reason for the popularity of charter schools. Parents who want their children to succeed and who are

struggling to raise them in neighborhoods afflicted by violence, joblessness, and substance abuse have few alternatives. Just as the hell of boot camp is a gateway to economic security in a military career, the regimented world of test preparation can open doors to regular employment in the private sector or the military itself. And the private sector route does not carry the risk of death or lifelong disability from battlefield injuries.

Young adults who emerge from the test-prep factory into college or private sector workplaces, however, and even those who enter the armed forces can expect little job security. To be sure, the winners at the test-prep game—those who have competed hard, learned to perform academic tasks under the direction of others, and been rewarded by high grades—are well trained to earn college-worthy SAT scores or hold jobs in authoritarian workplaces. Only a small minority, however, will excel at work in liberal arts colleges, which requires such creative and higher-order skills as formulating original topics, identifying relevant sources, and synthesizing diverse information into coherent term papers. Even those who do succeed will not have earned admission to the middle class, only the privilege of competing with millions of other underemployed college graduates for the increasingly scarce, well-paid jobs in corporate America (Matgouranis 2010). Finally, the ones who land these coveted jobs have only a precarious foothold in the middle class; they will never know if or when their job will be outsourced to an equally well educated, lower-paid foreigner.

In summary, the promise that education is a pathway to secure, middle-class prosperity in America today is fraudulent (Bowles and Gintis 2011; Collins 2011). Charter and other test-oriented schools may reduce the racial and ethnic achievement gap as measured by test scores, but they do so at the expense of the creativity and higher-order skills needed to excel in college or to hold well-paid private sector jobs, to the extent anyone can in capitalist America. The training in obedience and conformity provided by these schools prepare the vast majority of disadvantaged students who succeed in them for low-paid jobs or middle class but dangerous and often temporary jobs in the military.

If given a choice, poor parents might well prefer to send their children to schools where they will receive well-rounded educations that foster creativity, independent thought, and a love of learning, even if their test scores will be lower. But in reality, the parents have little choice. Neoliberal reformers like Mayor Michael Bloomberg have begun to shut down every public school in America that cannot or will not meet their demands for higher and higher test scores (Cramer 2011;

Ravitch 2011).¹² In a perversion of language worthy of George Orwell's novel *1984*, this is what neoliberals call "school choice."

Those who champion "high expectations" and are not themselves educators tend to simplistically equate "excellence" with high test scores. Some are well-intentioned social entrepreneurs who have chosen a particular educational option on behalf of the poor without even realizing they have made a choice. Others are cynical architects of a brave new world of capitalist-friendly education. In this world, low-paid, nonunionized teachers are forced to transform the country's youth into docile and disciplined workers for low-paid jobs in corporate America (Compton and Weiner 2008). But the intentions of school reformers matter little as long as they use power and money to dictate what goes on in classrooms.¹³ In so doing, they are depriving the black and Hispanic poor of the very choice that they claim to promote, seizing control of neighborhood public schools from their stakeholders. This power grab by school reformers, who are disproportionately white and affluent, bears little resemblance to the civil rights movement in whose mantle they wrap themselves. On the contrary, it is of a piece with the long and painful history of domination that the civil rights movement fought implacably.

INDIVIDUAL FREEDOM: FANTASY AND REALITY

The bipartisan attack on public education in the United States is part of a larger narrative. Public schools are failing, the reformers say, because they are creatures of government and are beholden to labor unions, two institutions that are dysfunctional in their own right (Hess 2006). Attacks on government and organized labor have been, of course, a hallmark of

12. For example, the Bloomberg administration has closed or is in the process of closing dozens of "low-performing" public schools, most of which are located in poor minority neighborhoods, notwithstanding fierce opposition by the schools' stakeholders, including parents, students, teachers, and community leaders. The National Association for the Advancement of Colored People joined with the United Federation of Teachers in a lawsuit to prevent one round of closings, but the courts sided with the mayor (Cramer 2011). If the schools are truly as dysfunctional as the Bloomberg administration claims, it is hard to understand why so many parents would want their children to attend them and why so many teachers would want to work in them.

13. There are two ways to dictate what goes on in classrooms. One is to micromanage teachers from city hall through a vast bureaucracy, an approach initially tried by Mayor Bloomberg in New York City that failed dismally and was largely abandoned after several years (D'Agostino 2009b). The second approach, which Bloomberg tried next, is management by numbers (D'Agostino 2009b). When teachers can lose their jobs if they do not produce good-enough numbers, they need to orient their teaching to the test, even if that means killing their students' enthusiasm for learning and neglecting those for whom the test is too easy or too hard or who just learn better in ways that are not measured by the test.

APPENDIX 3.1: WHAT ARE CHARTER SCHOOLS?

Having autonomy from local school districts and exemption from many regulations, most charter schools are funded by the states and accountable to the states for educational outcomes as measured by test scores. In some cases, such as New York City, local school districts themselves issue charters and grant the same kind of autonomy and accountability as states. Whether chartered by the states or by large urban districts, these schools are typically not unionized (though some are) and have a longer school day and year. Their teachers are typically less experienced and more likely to lack state certification (Rui and Boe 2012).

While charter schools in theory are not permitted to discriminate against academically needy children, their culture is typically test oriented, and they provide fewer supports for English language learners and other students with special needs. Largely because of this reputation, fewer families of academically needy children apply to charter schools, and those who do are more likely than others to be “counseled out” (encouraged or pressured to leave) by administrators anxious to maintain high school-wide test scores. As a result, charter school enrollments are de facto academically selective (Knopp 2008; Grassroots Education Movement 2010).

Many charter schools receive supplemental funding from private sources. Where local school districts create charter schools, in some cases they give them preferential treatment at the expense of the traditional public schools they administer. New York City, for example, frequently takes scarce building space away from its traditional public schools and allocates it to new charter schools, creating great resentment among parents and staff of the former (Grassroots Education Movement 2010, 2011).

The claim of reformers that charter schools outperform traditional public schools is dubious (Center for Research on Education Outcomes 2009; Renzulli and Roscigno 2011). Even in those instances where charter schools compare favorably with the latter by the criterion of test scores, it is unclear how to interpret that difference. Given that most charter schools have a smaller proportion of academically needy children and in some cases more resources because of private donations and preferential treatment by school districts, some improvement in test scores would be expected independently of school quality. More fundamentally, charter schools are known for teaching to standardized tests, an approach to education that neglects critical thinking skills, development of creativity, and the kind of exciting educational experiences that create lifelong learners. Higher test scores, by themselves, are therefore not an indication of overall school quality.



Jobs

Elites Push the Skills Gap Myth

Corporate profits have recovered, while the poor face unemployment

By Roger Bybee

The Great American Jobs Machine,” as the *New York Times* once famously christened U.S. capitalism, has been seriously sputtering even in the post-“recovery” period for working people.

On one hand, corporate profits have more than recovered and have hit stratospheric records, nearly \$2 trillion for 2012 (*NYT*, 11/29/12). On the other, the working class and poor have continued to face wrenching unemployment levels and wretched pay as corporate CEOs strive to ratchet down pay even further, causing wages to hit a record low 43.5 percent of GDP in 2012 (*CNN*, 12/4/12). The percentage of unemployed Americans—including those so discouraged that they have given up the search for work—still amounts to 16.2 percent (as measured by the “U-6” rate rather than the 8.8 percent figure more widely used), nearly 4 years into the economic “recovery.” While there are no longer 7.3 applicants for every available job, as at the trough of the recession in 2009, there are still 3 times as many jobless people as open positions. The shortfall in the supply of family-sustaining jobs remains at a crisis level.

Moreover, the quality of the jobs being supplied poses an obvious problem to American workers facing only low-wage opportunities: 58 percent of new jobs pay between \$7.69 and \$13.83 an hour (*NY Times*, 8/31/12). The hope that the vaunted U.S. job machine will generate a rising share of increased productivity has become increasingly remote, as the richest 1 percent vacuumed up 93 percent of increased income in 2010, as UC-Berkeley economist Emanuel Saez has documented. Ominously, trend-setting giants like General Electric and Caterpillar are celebrating

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their record profits by launching campaigns to drive down wages and benefits, likely setting off a wider battle to further squeeze down wages levels (see “War on Wages,” *Z*, December 2012).

Small wonder, then, that public-opinion surveys have shown a corresponding loss of faith in the ability of “free enterprise” to meet their needs. Thus, the polling firm Globescan found a sharp drop in the level of support for “free enterprise”: “When GlobeScan began tracking views in 2002, 4 in 5 Americans (80 percent) saw the free market as the best economic system for the future—the highest level of support among tracking countries. Support started to fall away in the following years and recovered slightly after the financial crisis in 2007/8, but has plummeted since 2009, falling 15 points in a year so that fewer than 3 in 5 (59 percent) now see free market capitalism as the best system for the future. Americans with incomes below \$20,000 were particularly likely to have lost faith in the free market over the past year, with their support dropping from 76 percent to 44 percent between 2009 and 2010.” Follow-up Globescan studies suggest a continuing slide in the level of support for the “free market” among U.S. citizens (*Financial Times*, 10/11/13).

But the continuing distress confronting working families has been increasingly crowded out in media coverage by an elite-promoted skills gap narrative. The skills gap version of reality shifts the spotlight from the deficiencies of U.S. capitalism in generating jobs with family-sustaining wages and benefits, to the alleged skill deficiencies of the workers themselves.

Not only does the skills gap story displace media coverage of the daunting problems faced by working Americans, it also activates a self-blaming reflex among workers conditioned their entire lives to ascribe structural failures to their personal shortcomings.

In reality, the evidence behind the skills gap claims—shredded by a variety of economists and experts, most recently Professor Marc Levine of the University of Wisconsin-Milwaukee in a comprehensive study—have been largely ignored by corporate, political, and media elites as this mythical account of our economic problems fulfills a vital role in explaining away a central failing of American capitalism. Levine exploded the assumptions underlying the skills-gap myth in “The Skills Gap and Unemployment in Wisconsin: Separating Fact from Fiction.” In the report released in February, Levine focuses on Wisconsin, but his data-based conclusions apply on a national basis:

- > Job seekers far outstrip the number of job openings by a 3-1 margin.
- > If a skills gap truly existed, wages and overtime hours would rise in response to a genuine shortage of skilled workers. Neither has occurred.
- > A massive over-supply of skilled and educated labor exists, rather than the shortage proclaimed by skills gap alarmists.
- > The greatest projected growth in occupations will occur overwhelmingly in low-wage occupations requiring a high school diploma or less.
- > A broad consensus of prestigious economists, think tanks, and workforce experts reject the skills gap as baseless, diverting attention from the real shortage of good jobs.

Up until now, CEOs and prominent public officials of both parties—including President Obama, despite the populist overtones of his 2012 campaign—have been actively spreading this alternate skills gap narrative about continuing high unemployment. The real problem is not principally a shortage of jobs, but an under-supply of qualified job applicants, according to this view.

The skills gap narrative has served to significantly displace public discourse that had been focused on the insufficient quantity and quality of jobs, to the discomfort of corporate leaders. During the fall presidential campaign, for example, President Obama repeatedly made the case for increased funding for public education—certainly a socially-essential goal—by relying on this purported skills gap. “Throughout the campaign, President Obama lamented the so-called skills gap and referenced a study claiming that nearly 80 percent of manufacturers have jobs they can’t fill,” noted Adam Davidson (*NYT*, 11/20/12).

Despite the overwhelming evidence that job creation is imperative before retraining can become useful, “Retraining has emerged as a mantra for the Obama White House,” noted ProPublica’s Amy Goldstein in a report on the fate of workers first displaced by the General Motors’ plant closing in Janesville,

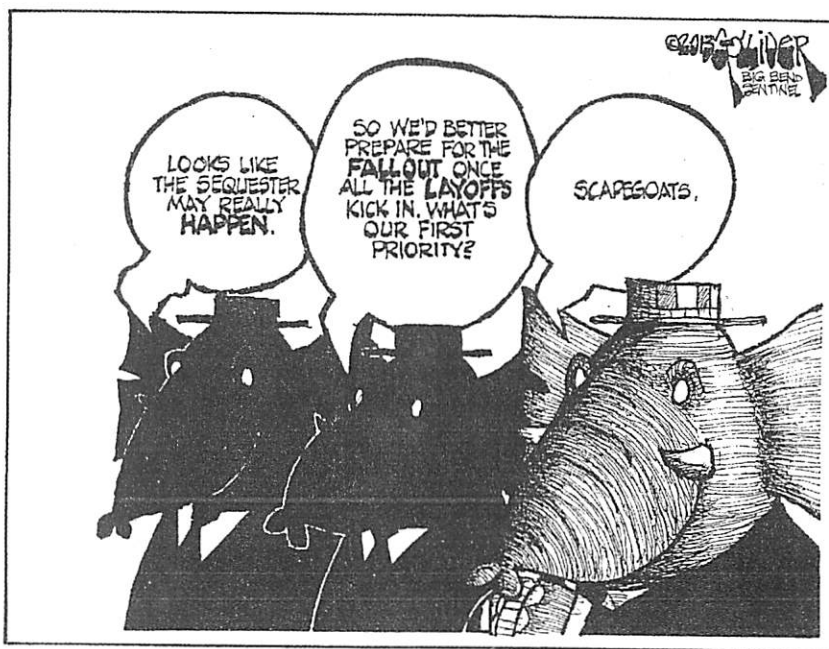
Wisconsin and then ignored by the unconditional bailout of GM, which permitted the corporation to nearly double the numbers of vehicles from low-wage nations such as Mexico and China (*Progressive* online, 10/25/12).

Of course, Obama was not the first Democratic president to argue that fundamental economic problems could be traced back to the insufficient education and training of America’s workforce. In 1999, President Clinton blamed inequality on inadequate skills among U.S. workers, declaring in his State of the Union address, “Today’s income gap is largely a skills gap.”

Under Clinton, “re-training” to obtain new skills gained prominence as a “solution” to the massive job loss among U.S. manufacturing workers whose jobs were relocated to low-wage Mexico following Clinton’s unrelenting campaign to win passage of the North American Free Trade Agreement. The clear evidence—documented by Gordon Lafer of the University of Oregon in *The Job Training Charade* and *NY Times* journalist Louis Uchitelle in *The Disposable American*—exposes the failure of such re-training programs to help discarded workers to regain even a faint semblance of their lost economic security, but attracted little attention from major media.

This time around, commensurate with the much larger jobs crisis facing America at the present moment, the current campaign warning of the “skills gap” is much more massive and pervasive than the 1990s crusade in seeking to persuade the public that they are themselves responsible for the economic damage inflicted on “U.S. competitiveness.” For CEOs, the talk about workers’ supposed inadequacies is especially timely, serving to deflect public discussion from their corporations’ highly unpopular “off-shoring” of jobs, a major explanation for America’s economic troubles accepted by 86 percent of the public (*Wall Street Journal*, 10/2/10).

As Professor Levine and others have noted, the skills gap thesis is being advanced on the basis of flimsy evidence consisting of anecdotes from corporate executives and sur-



veys reflecting their difficulties in hiring skilled workers at the wages the CEOs seek to impose. Journalist Barbara Kiviat of the *Atlantic* underscored the self-interested nature of these surveys by employers: “When firms post job openings at a certain wage and no one comes forward, we thus have skills mismatch. In a different universe, we might call it a pay mismatch.”

From the coverage uncritically touting the skills gap, there is no doubt about which universe most media outlets occupy. Thus, a study by Deloitte & Touche and The Manufacturing Institute on the perils posed by the “skill gap” gained broad coverage in the media. It warned alarmingly: “American manufacturing companies cannot fill up to 600,000 skilled positions, even as unemployment numbers hover at historic levels.”

New York Times columnist Thomas Friedman has long specialized in defending the export of U.S. jobs to repressive low-wage nations while urging Americans to acquire more education and training for future jobs. The new flurry of concern about the skills gap prompted Friedman to interview the CEO of Caterpillar (9/13/12) about the dangers of inadequate education in what Friedman calls “The Age of Austerity”: Doug Oberhelman, the CEO of Caterpillar, which is based in Illinois, was quoted in *Crain’s Chicago Business* on September 13 as saying: “We cannot find qualified hourly production people and, for that matter, many technical, engineering service technicians, and even welders, and it is hurting our manufacturing base in the United States. The education system in the United States basically has failed them and we have to retrain every person we hire.”

The highly influential Fared Zakaria, columnist, TV host, and “apostle of globalization” (see *Extra!*, July 2008), now reluctantly admits that the benefits of corporate globalization have been unequally allocated between the wealthy and the working class. Nonetheless, Zakaria blames the declining prospects of American workers due on their lack of education and training. Clyde Prestowitz, himself a former globalization enthusiast, remarked on Zacharias’ eagerness

to attribute rising inequality to workers’ own failures to be better-equipped for available jobs: “Astoundingly, Zakaria says this is because the U.S. workforce is not well enough educated.” He quotes Pimco bond fund founder Bill Gross as saying that: “Our labor force is too expensive and poorly educated for today’s market place.”

This skills gap explanation for unemployment has found an especially warm welcome in Wisconsin where Republican Governor Scott Walker’s pledge of creating 250,000 jobs in his first term in office increasingly looms as a political liability. With Wisconsin ranking 42nd in job creation and Walker only able to face a “job deficit” of 243,000, according to the Center on Wisconsin Strategies, a progressive think tank, the rising profile of the skills gap narrative helps Walker in trying to explain away his failures.

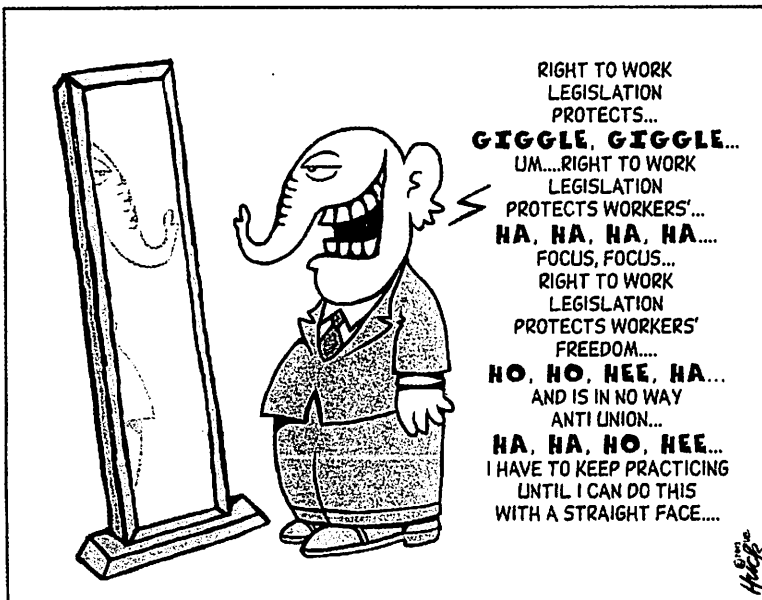
Walker has named a key proponent of the skills gap thesis—Tim Sullivan, the former CEO of Bucyrus International, a mining and heavy-equipment manufacturer now owned by Caterpillar—as a special advisor on workforce development. Sullivan, the author of a report on Wisconsin’s needs for enhanced skills among its workers that was widely praised in state media, is fond of statements like: “We don’t have a jobs crisis in Milwaukee, we have an education crisis.”

The state—like the nation—is plagued by “structural unemployment,” a “skills mismatch” between the needs of employers and an under-qualified workforce, declares Sullivan and his allies. This combination, they say, yields both persistent, high unemployment and significant numbers of unfilled job openings.

The perspective of leaders like Walker and Sullivan are echoed in the state’s dominant newspaper, the *Milwaukee Journal Sentinel*, and reports compiled by elite think tanks. A report from the U.S. Chamber of Commerce National Chamber Foundation and Wisconsin Manufacturers & Commerce, which received prominent play in the *Milwaukee Journal Sentinel*, warned of the predicted shortage of skilled workers looming soon in Wisconsin’s future: “The report also warns that the state’s workforce is aging, an ominous sign for a labor market that faces an ongoing shortage of skilled workers.”

But, as noted, the entire superstructure of the “skills gap” has been built almost entirely on the anecdotes of employers, and these self-interested accounts by bosses are torpedoed by the vast array of Levine’s evidence. The skills gap trope is founded on a set of assumptions which are easily punctured:

- > The skills of the workforce somehow dropped sharply between 2007 and 2009. Numerous studies by Nobel laureates, highly regarded economics institutes, and two former chairs of presidential councils of economic advisers all conclude that a sudden dropoff in workers’ skills over two years is utterly implausible as an explanation for massive unemployment. In the words of economist Heidi Shierholz of the Economic Policy Institute, “It is not the right workers we are lacking, it is work.”



- > There is a vast pool of high-skilled jobs waiting to be filled. As Levine commented in the report, "Even if every unemployed person were perfectly matched to existing jobs, over 2/3 of all jobless would still be out of work."
- > Employers are trying in vain to attract skilled workers. If a "skills shortage" truly existed, employers would raise wages to attract workers with the special skills they seek. Instead, Levine points out, wages have fallen in Wisconsin since 2000, including in occupations like welding, where there is a supposed shortage of workers.
- > Understaffed employers must make do with the skilled workers they have. A shortage of sought-after workers would lead employers to increase these workers' hours. However, the report says, "average weekly hours worked in manufacturing have remained unchanged since 2000, while the average weekly overtime hours have actually declined by 12.8 percent since 2000."
- > New high-skill jobs have been created. As mentioned above, Wisconsin retains a jobs deficit of 243,000, based on job losses since the Great Recession plus new positions needed for entrants into the labor market, according to a study by the Center on Wisconsin Strategy. The "jobs of the future," for which workers have been urged to seek more education and training, have failed to materialize.
- > Workers with advanced degrees are more highly sought after. A pervasive skills gap would raise the demand for workers with higher skills, measured in indicators like college degrees. Instead, the percentage of college-educated workers in jobs where they are obviously overqualified—as bartenders and retail clerks, for example—has risen sharply. "College graduates comprise 25 percent of retail salespersons and 21.6 percent of bartenders in the Milwaukee metro area—both jobs classified as requiring less than a high school diploma," the report stated. Fully 60 percent of retail clerks have at least some college education.
- > The American job market will increasingly demand higher-skilled workers. Forecasts of future workforce needs show not an increased demand for high education and skills, but for occupations that require a high school degree or less, according to the report: "Of the 25 jobs projected by the Wisconsin Department of Workforce Development to provide the largest number of job openings in the state between 2010-2020, 22 of them require a high school degree or less and almost all require short-term, on-the-job training."

Skill-Based Technical Changes

Despite the evident flaws documented by Levine, some variant of the skills gap thesis has taken a wide hold in America. The notion that the vast majority of working Americans are inadequately educated and incapable of doing skilled work is widely held. Adam Davidson explains,

STUDIES SHOW THAT EMPLOYERS **DISCRIMINATE AGAINST THE UNEMPLOYED**, VIEWING THEM AS INCOMPETENT AND UNHIRABLE. DON'T GET LEFT BEHIND ...
FAKE IT UNTIL YOU MAKE IT!TM



"IN A WORLD WITHOUT DECENCY, IT AIN'T CHEATING... IT'S EATING!"

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"The rise of networked laptops and smartphones and their countless iterations and spawn have helped highly educated professionals create more and more value just as they have created barriers to entry and rendered irrelevant millions of less-educated workers, in places like factory production lines and typing pools. This explanation, known as skill-biased technical change, is so common that economists just call it SBTC. They use it to explain why everyone from the extremely rich to the just-kind-of rich are doing so much better than everyone else."

For the media, which plays a central role in propagating the notion, the SBTC story is a simple and relatively non-controversial way of explaining the vast changes which have uprooted the lives of tens of millions of working people and their communities. Instead of discussing the profit-maximizing forces driving U.S. corporations to abandon long-time workers and devastate the communities which nurtured them to prosperity, reporters and their editors have a clear and coherent way of accounting for wrenching changes in workers' lives and stunning new levels of inequality.

The failings of the media are especially obvious when skills gap proponents adopt policies which conflict with their purported goal of creating a more highly-skilled, better-educated workforce, by raising higher financial barriers to gaining access to advanced schooling. For example, even as Governor Walker has cited the need for a more highly-skilled workforce in Wisconsin, he cut deeply into the budgets of two-year technical schools.

"Last year [2011], Gov. Walker persuaded the Wisconsin legislature to cut the state's share of technical colleges' funding by 30 percent, and to forbid local governments, which contribute a larger share, to increase their tax levies for the colleges," reported ProPublica's Goldstein.

The hypocrisy evident in the conflict between Walker's call for a more highly-skilled workforce and his cutbacks in technical education have inspired virtually no comment from the state's major media.

Walker also cut back state funding for the distinguished University of Wisconsin system, long a source of pride in the Badger State. Walker's slashing of \$250 million over two years for UW—along with \$66 million in other cutbacks—has resulted in a new set of tuition increases for UW students. The cutback in state assistance—reinforcing the trend toward greater dependence on corporate grants and a consequent “neo-liberal” reshaping of university priorities—has been particularly hard on poor and working class students. A recent study showed, “The gap in retention and graduation rates between students who qualify for federal Pell grant financial aid and those who don't has been widening, as the cost of a UW System education continues to rise faster than the rate of inflation. Meanwhile, total financial aid to students and state funding to universities lag,” the *Journal Sentinel* reported.

The combination of plummeting state support for the UW system and rising tuition has severely hampered working families' ability to support their children's higher education. “A family could have sent three children to UW-Madison in 1980 for what they now pay to send just one, adjusted for inflation” (*MJS*, 2/7/13).

Justifying Shifting Jobs out of Wisconsin

The possibility that the complaints about the skills gap conceal another agenda—a desire for cheap but skilled non-union workforce—seems to have escaped journalists who have shown a stunning degree of credulity—with exceptions like Davidson. The discrepancy between the rhetoric of skills gap adherents and their policies shows up in corporate decisions over the location of their facilities. The purveyors of the skills gap myth don't just sidestep corporate responsibility for the shortage of well-paying jobs, they use the alleged deficiency in the workforce to justify shifting jobs out of Wisconsin. But their claims lack credibility: Despite their emphatic complaints over a shortage of well-educated and skilled workers in Wisconsin, some

prominent CEOs opted for relocating jobs to sites with far lower levels of educational attainment.

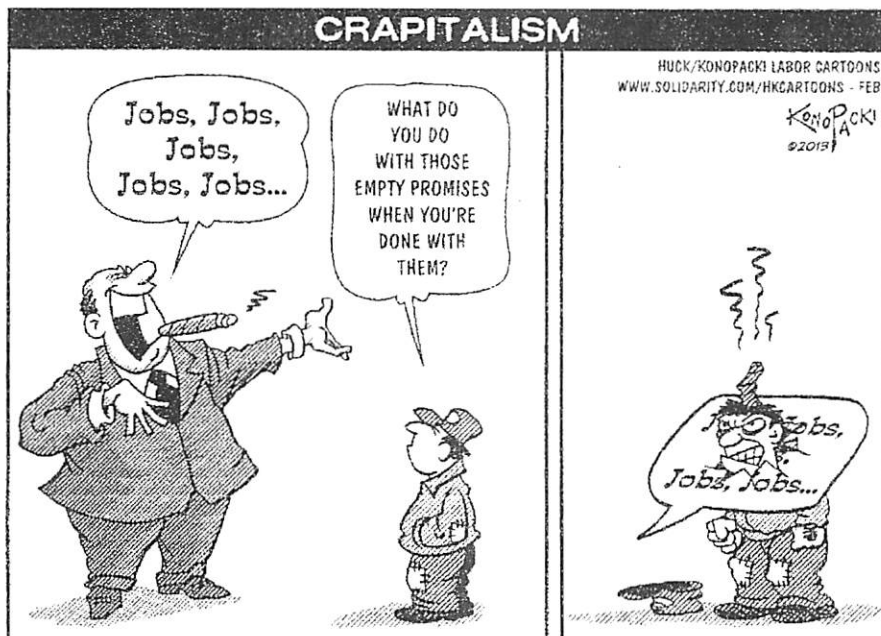
Two cases stand out glaringly: (1) *Badger Meter's move to Mexico*: “Badger Meter Inc. is a committed Wisconsin business, but it's expanding elsewhere,” reported the *Milwaukee Business Journal* (2/27/12). “Why build new facilities in Mexico rather than near its Brown Deer headquarters? ‘It is easier to hire people,’ said Richard Meeusen, chairman, president, and chief executive officer.” (2) *Bucyrus International's new plant in Texas*: In 2008, while still CEO of Bucyrus International (now part of Caterpillar), Tim Sullivan—Wisconsin's leading alarmist on the skills gap—decried a shortage of “qualified, factory-grade” welders in Milwaukee. Sullivan proceeded to move about 80 welding jobs to Kilgore, Texas.

However, Sullivan's rationale doesn't hold up under scrutiny. To quote the report, “Around the time Bucyrus was opening its Kilgore plant, there were 635 unemployed welders in metro Milwaukee, and 1,935 unemployed welders in Wisconsin.” The real attraction of Kilgore was likely not skills, but savings. Workers in Kilgore make lower salaries—31 percent of welders make less than \$25,000, compared to only 22 percent in Milwaukee—and, significantly, are not unionized like those at Bucyrus in Milwaukee.

Badger Meter and Bucyrus represent a broader trend aimed at re-shaping U.S. manufacturing by transforming a long-time bastion of unionism, high skills, and high wages into a low-wage, low-skill industry. General Electric, which evokes images of highly-skilled technicians in its massive TV advertising campaigns, nonetheless, in 2010, chose Batesville, Mississippi for a low-wage, non-union plant making parts for aerospace engines in 2010. Contrary to its carefully-cultivated image of relying upon highly-trained technicians with intricate skills, GE selected a site in Panola County where only 15 percent of the residents are college graduates, compared with 35.2 percent in metro Milwaukee, where GE had long housed its medical equipment headquarters before sending it to China. Helping

to hold down wages is Batesville's pervasive poverty with 28.7 percent of the population below the poverty line—nearly double the national average of 14.3 percent.

As James Tankersley of the *Washington Post* (1/16/13) has noted, “U.S. manufacturers have added a half-million new workers since the end of 2009, making the sector one of the few bright spots in an otherwise weak recovery.... On balance, all of the job gains in manufacturing have been non-union. “Manufacturing is the industry that many Americans most associate with unions, but the industry has moved away from unionization for decades...” By the end of last year, barely one in 10 U.S. manufacturing workers belonged to a union or was represented by one. Thirty



years ago, that number was one in three.”

A concerted drive to crush unionism in manufacturing—largely ignored by major media, as shown in work by Christopher Martin and others—has thus paid off handsomely for CEOs. As Aaron Bernstein observed in *Business Week* (5/22/94), “Few American managers have ever accepted the right of unions to exist, even though that’s guaranteed by the 1935 Wagner Act. Over the past dozen years, in fact, U.S. industry has conducted one of the most successful antiunion wars ever, illegally firing thousands of workers for exercising their rights to organize.”

The intensity of the “antiunion war” has only accelerated swiftly since Bernstein’s 1994 piece, driving down union representation to new lows in manufacturing and the private sector generally. In 2005 alone, for example, no less than 31,358 workers were illegally fired because of their pro-union sympathies, according to labor journalist Philip Dine, author of *State of the Unions*. When workers attempted to organize unions in manufacturing, they faced threats of relocation to Mexico or other sites in 70 percent of the cases, according to Professor Kate Bronfenbrenner of Cornell.

In the past 14 months, Indiana and Michigan have passed “right-to-work” laws designed to inhibit union representation, with Republican majorities ramming the legislation through without an opportunity for debate by the legislatures or the general public. Under right-to-work laws, unions no longer serve as the independent, democratic voice of all workers as intended under the Wagner Act.

Instead, with unions prohibited from collecting dues or fees from all workers whom they are nonetheless legally bound to represent and negotiate improved pay and benefits, employers are able to erode the independence of the union by offering favors or threats to individual workers who agree to refrain from supporting the union. Unions thus are weakened both organizationally and financially, losing the dues they need to represent the workers.

The war against labor has immense consequences for workers—and payoffs for employers. The U.S. “is becoming one of the lowest-cost producers of the developed world,” Harold Sirkin, a senior partner at the Boston Consulting Group pronounced in a news release.

A combination of factors—fast-falling U.S. wages in manufacturing, rising fuel costs making international shipping much more expensive, Chinese wages climbing from their previous abysmal levels due to widespread worker unrest even in the face of government repression, and increasingly cheap domestic fuel—are making the U.S. much more competitive relative to China.

Sirkin calculated that the labor cost savings of making goods in China versus the United States would be equalized



by 2015 as a result of falling wages in the U.S., he told the *Toronto Star* (9/21/12).

While President Obama and others like *Atlantic* magazine writers James Fallows and Charles Fishman have confidently announced that an “insourcing” trend is already bringing back large numbers of jobs to the U.S., the actual evidence shows that the “trend” is at best a mere trickle. Moreover, the trickle is infinitely smaller than the continuing gusher of jobs leaving the U.S. for sites like China and Mexico (see “Insourcing,” *Z*, March 2013).

While the myth of the insourcing trend seems intended to soothe a public infuriated by the exodus of good-paying jobs to China and Mexico, the skills gap meme appears to be aimed at providing corporate America ammunition for a counter-attack against popular sentiment. As Levine noted, “There’s a strong ideological component behind the skills gap trope: it diverts attention (and policies) from the deep inequalities and market fundamentalism that created the unemployment crisis, and focuses on a fake skills gap that had nothing to do with the surge in unemployment since 2007.”

With corporate executives and many public officials insisting that the problem of ongoing unemployment is rooted in jobless workers’ lack of marketable skills, Levine points out that, “there is no need to focus on such inconvenient questions as (1) why corporate profits are at record levels while unemployment remains high and wages stagnant; (2) why U.S. manufacturers invested in less domestic capacity than competitors over the last decade; (3) how offshoring and other management strategies have devastated the employment base of cities like Milwaukee, and how Wisconsin employment is especially at risk from trade with China and Mexico.” **Z**

Roger Bybee is a Milwaukee-based freelance writer and University of Illinois visiting professor. In addition to Z, his articles have appeared in Dollars and Sense and the Progressive.