

The US' failure to provide vocational training is a massive policy failure which supports Donald Trump

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*Over the course of this election, Donald Trump's campaign slogan has been to 'make America great again', and he has largely blamed other countries and immigrants for reducing the country's agency and power. Why have so many Americans seized on this rhetoric? **Dennis J. Snower** argues that the government has failed to help many Americans to acquire new skills in the face of technological change – something that other OECD countries are far more focused on. It is this policy failure, he writes, which has helped Donald Trump to gain the support of many of those who feel left behind.*



In our rapidly changing times – revolving around the digital revolution, automation, globalization, the communications revolution and more – people need to adapt in order to prosper. Those who find it difficult to adapt become discouraged and angry, since they find themselves disempowered and unable to improve their lot by working harder. It is well-known that they are the bedrock of support for Donald Trump. They want to “make America great again,” by which they mean regaining their sense of agency and power, a desire which Trump has channeled through his calls to build a wall with Mexico and place large tariffs on trade with China. What is not commonly known – and certainly receives little attention in the public debate – is that they are the product of a disastrous American policy failure.

These people are disempowered because their skills and those of their children are in the process of becoming obsolete. They need skilling and retraining and better integration into the labor markets of today. Since they are unable to better their lot through their own efforts alone, they deserve government support. That is what governments are here for: to provide public goods that benefit society but that people are unable to provide for themselves individually. But the US government spends little on training measures – a ludicrous 0.1 percent of GDP, less than one sixth of what rich countries spend on average – but it has dramatically cut its funding for training unemployed workers. Companies have followed suit by [cutting](#) their training programs as well.

It is small wonder that many people doing routine work are worried and angry. They seek to live the American Dream, which attributes economic misfortune to personal failure. But that is unfair. Their misfortune arises from explosive technological developments and globalization – developments that require new skills. Their government has failed to help them acquire these skills. Redressing this policy failure is one of the most important tasks for the next administration.

In this endeavor, the US has much to learn from Europe, where governments do much more to reintegrate people into the workforce and to retrain them. The US has no well-designed welfare state. It spends relatively little on active labor market policies.

We are living in a time of great economic change, when some old jobs become obsolete and new ones emerge. Our problem is that whereas the new technologies are improving at a rate given by Moore's Law – that the productivity of machines roughly doubles every two years – human beings need longer to adjust their skills and aspirations. It is the government's job to help them make the transition.



What Trump's supporters believe – and who they blame

Let's look at the facts. Trump supporters tend to be white, blue-collar and less educated. It is commonly believed that they are the ones whose jobs have been taken by the Chinese and other foreign competitors – certainly Trump keeps telling them so, and they believe him. A recent [study](#) by the Pew Research Center finds that sixty percent of Trump supporters thought that their finances had been hurt through foreign competition. But the evidence for this hunch is lacking. Many of the blue-collar jobs are in areas such as construction and transportation and machine repair – all impervious to competition by foreigners.

Yet, it is commonly claimed, many Trump supporters are blue-collar employees in manufacturing, and surely these people are losing jobs to their Chinese competitors. However, the evidence does not support this claim either. Jonathan Rothwell, in a [recent analysis](#) by Gallup, found that white Americans who live in places where manufacturing jobs have fallen since 1990 are not more likely to support Trump than their counterparts elsewhere.

In short, Trump's supporters believe that foreigners are stealing their employment, but they are mistaken. Trump has promoted a myth that gives him political appeal, but at the expense of truthfulness.

Another common belief is that Trump's supporters are disproportionately affected by competition from immigrants. But this belief also finds no empirical support. A Pew study in 2006 shows that native-born Americans who live in areas with above-average immigrant populations are *more* favorably inclined to immigrants than others elsewhere. Similarly, Rothwell shows that Americans living close to the Mexican border or in areas with large Hispanic populations are not more likely to vote for Trump. Instead, for people with similar education, income and other socio-economic characteristics, Trump supporters are more likely to come from white enclaves.

This is an important finding. It shows that exposure to immigrants does not create resentment against them. On average, more contact with immigrants tends to generate more respect for them. The fear of immigrants comes from those who don't know them. Once again, Trump has encouraged a myth that gives him votes, but is contrary to the facts.

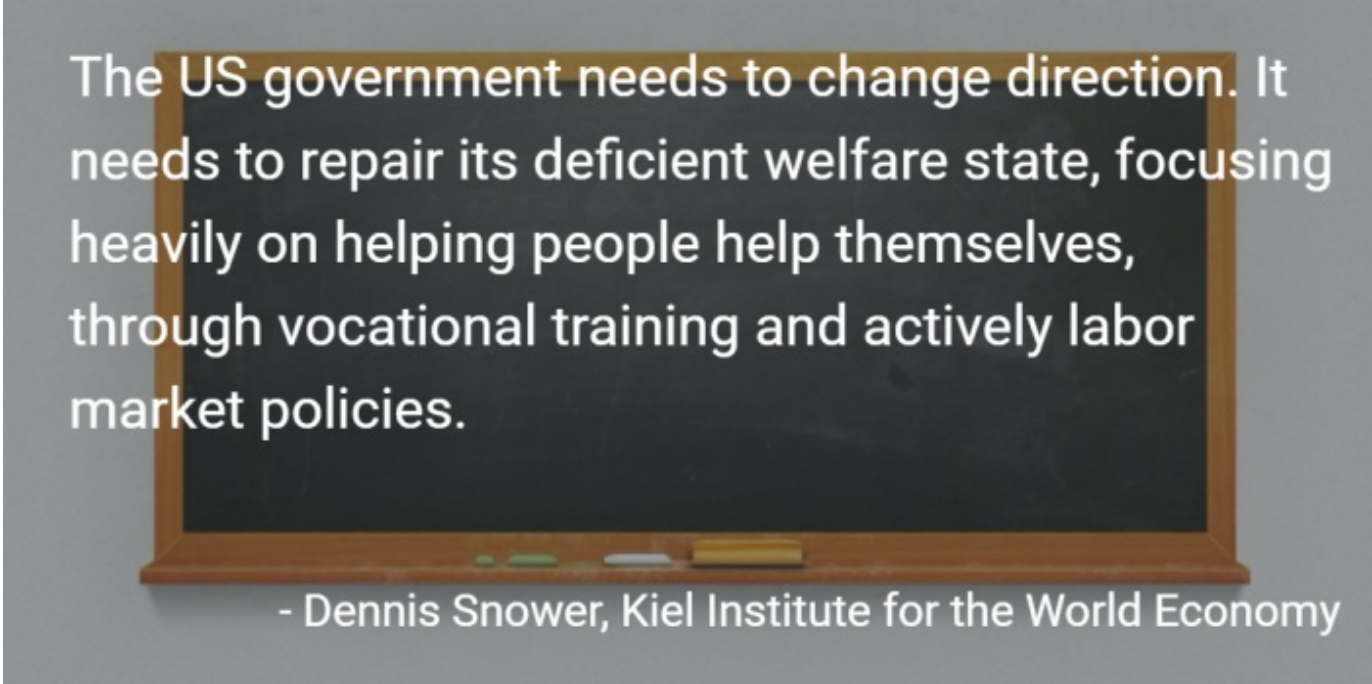
Yet another common belief is that Trump's supporters have relatively low incomes, generating resentment against the prevailing economic and political system. But this belief is also misguided. Rothwell finds that for white people with similar education, religion, place of residence and other factors, those who are more affluent are **MORE** likely to

vote for Trump. A [recent poll](#) conducted by the Washington Post and ABC News confirms this result.

So what actually ails Trump's supporters? The answer suggested by the empirical evidence is that they are disproportionately worried about their futures and the futures of their children. After all, they tend to be less-educated, blue-collar workers who are finding it more difficult to get good jobs and whose children are having a more difficult time to climb the economic ladder. The poll by the Washington Post and ABC News found that Trump supporters were finding it particularly difficult to maintain their standards of living and were not confident about their economic prospects.

This helps us understand where the real problem lies and what can be done about it. The problem is anxiety about the future. Such anxiety is not surprising among people whose limited learning skills make it difficult to adapt to the massive technological, organizational, logistical, and workplace changes that we are experiencing nowadays.

Deficient economic prospects can arise from two sources: deficient effort or a disadvantageous situation. The American Dream – which claims that everyone can achieve anything by trying hard enough – attributes economic failure to deficient effort. But Trump's supporters feel that they have been trying hard, but that it has got them nowhere. So their problem must lie with a disadvantageous situation. But the disadvantage cannot lie in the American economic, political and social system, since the American Dream claims that this system is the best in the world. Consequently, these people must seek a scapegoat. Trump gives them their scapegoat: the Chinese and Mexican immigrants, who are taking your jobs. He promises to “make America great again,” restoring their access to the jobs created by the perfect American system.



The US government needs to change direction. It needs to repair its deficient welfare state, focusing heavily on helping people help themselves, through vocational training and actively labor market policies.

- Dennis Snower, Kiel Institute for the World Economy

The challenge of providing worker training

In fact, however, the problem lies with American economic policy. The less-educated, blue-collar workers require retraining, but the US government provides woefully little vocational education. An OECD [study](#) shows that, for labor market training expenditures as percent of GDP, the US ranks among the lowest in the OECD. Finland and Denmark, the highest ranked countries, spend well over ten times as much as the US (as percent of GDP); Austria, France, Portugal, Germany, Spain and Norway all spend well over four times as much. Even Slovenia spends more than twice as much. A similar picture also emerges from an OECD study on public expenditures on active labor market policies as percent of GDP.

The moral of this story is clear: The source of the problem faced by the less-educated, blue-collar workers tends not to be effort-related, but situation-related. The US, along with most other advanced and emerging countries, is experiencing great change. The American Dream, by attributing the problem to effort, is not helpful under these circumstances. Success in the current situation requires great adaptability. Such adaptability can be trained. The free market by itself can't provide sufficient training, since much of the reward for the training falls not on the trainee or the training firm, but on other firms that will employ the trained worker in the future. Due to this and other market failures, the government needs to support such training. It needs to provide active labor market policies that support the integration of the currently non-employed, working-age people into employment. The US government has not risen to this challenge. The result is an anxious, distressed population group that is the source of much of Trump's support.

Regardless of how the US election turns out, this problem is not going away. The US government needs to change direction. It needs to repair its deficient welfare state, focusing heavily on helping people help themselves, through vocational training and active labor market policies. There is a lot it can learn from Germany, Denmark and other countries that have a better record in promoting the skill acquisition and adaptability of their citizens.

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Dennis J. Snower is President of the Kiel Institute for the World Economy. His current research interests include issues in Labor Economics such as wage bargaining, the natural rate of unemployment, employment policies, and the economics of imperfect information.



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