



NICOLE SMITH

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Other	Smith received her PhD in economics from American University. Prior to joining Georgetown, Smith was a faculty member in economics at Gettysburg College and the University of the West Indies. She taught classical and modern econometrics, mathematics for economists, Latin American economic development, and introductory and advanced courses in microeconomics, macroeconomics, and statistics.

“The Labor Market Will Use the Fruits of the Education System”

An Interview with Nicole Smith of Georgetown University

The effects of recession on the overall workforce—and on a more granular level, on the many demographic groups that make up the workforce—has long been an area of interest to Nicole Smith, a senior economist at Georgetown University's Center on Education and the Workforce. Smith has developed a framework for restructuring long-term occupational and educational projections. She is part of a team of economists working on a project to map, forecast, and monitor human capital development and career pathways. She spoke with *EconSouth* about how the recession has had varying effects on different populations within the workforce.

EconSouth: *Much of your work focuses on the linkages between education and labor market outcomes. Can you tell us a little bit about this relationship?*

Nicole Smith: Well, traditionally education and the labor market have existed in two distinct silos. Educators often concern themselves with the goal of creating well-rounded citizens with the ability to learn and to absorb learning and to teach themselves. So, it's all about creating this person for the greater good—a social benefit. And when you think of the labor market, the labor market then concerns itself with production, productivity, output growth, creating goods and services for the nation.

So, these are the traditional roles, and we understand that the labor market will use the fruits of the education system, but there is often little effort made on the part of educators to fulfill the demand by employers. Any attempt to do so is often judged negatively by educators. If you tell them, “Well, how are you preparing students for the workforce?” you hear terms such as “the commodification of education.” It's frequently frowned upon, as if surely education has more noble goals than creating foot soldiers of capitalism.

So what has happened is that we have education existing solely, independently for the creation of this citizen, this good citizen, a well-rounded individual. We have the labor market existing to produce goods and services using the pipeline from education, but they are in two distinct silos. Employers have often, on the other hand, lamented the inadequacies of the employees handed down to them. You hear lots of stories about knowledge, skills, and abilities that for all intents and purposes should have been learned in the education system [but] remain wanting. You even hear stories about soft skills, such as communication skills and networking and general people skills, that have grown in importance in this 21st-century requirement, but they still remain insufficient.

ES: *This economic downturn was marked by a surge in the ranks of the*

long-term unemployed. I want to ask you, to what extent does the level of educational attainment factor into the size of the long-term unemployed cohort, and further, how was educational attainment related to long-term unemployment in the most recent recession versus earlier ones?

Smith: Well, first let's gather some statistics. Right now, 5.6 million people in the U.S. have been unemployed for six months or more. That's 43 percent of all unemployed and just about 4 percent of the entire labor force. When you look at the composition of the long-term unemployed, the labor market has shown that they are disproportionately African-American, they are disproportionately a minority, and slightly more likely to be male, and—as you pointed out—significantly more likely to have a high school diploma as their highest level of education attained.

So the long-term unemployed, as a whole, face far greater obstacles than anyone else, and these obstacles are real as well as psychological. Surely, we are talking about temporary lack of demand for goods all around. We know that there have been 8.2 million jobs lost since the recession began. We know that the industries hardest hit have been industries that are traditionally minority based, such as construction and manufacturing. So employers begin to be concerned regarding whether the long-term unemployed are indeed employable and [whether] you have a reinforced outcome as a result. So if you put down on your résumé the length of time since your last employment, that in and of itself becomes a disadvantage to you.

ES: *We know that women today are more likely than men to get a college degree. Did these differences in educational at-*

tainment between men and women factor into the unemployment gap we saw during the recession, during which men suffered significantly higher job losses than women?

Smith: Well, part of that is true. It's true that women disproportionately were less unemployed than men were, but the reasons are far more complicated than simply "women have more education." Women are very peculiar. And if you think of the types of jobs that are traditionally dominated by women, you can think of things such as nursing, teachers, health care workers—all of which have this sort of underlying caregiver component to them. So now when you look at the industrial composition of jobs—where the job losses are and where the job growth was—you find that the biggest losses were in manufacturing, the biggest losses were in construction, and those are very, very

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male-dominated industries. And those are the ones that hemorrhaged the most jobs. During the recession, the only two sectors that continued to add jobs were health care and education. You know, when you have so many more women in health care, it makes them better off.

ES: *Was this actually a “mancession” relative to other recessions, or is that term a little misleading?*

Smith: The preoccupation with the males, I think, can be a little bit misleading because it gives you the impression that men were specifically targeted, but in reality, it’s the choices—the occupations that men were in and the industries that men were in—those were the ones that felt the brunt of the recession. Therefore, because men were in those industries, then men were disproportionately affected. Construction,

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for example, is male dominated. Of the 8.2 million jobs [lost], 2 million of those were lost in construction, 2.1 million in manufacturing. So when we talk about where jobs were lost, it is true that men are the ones that suffered the most, because they were found in industries that lost a lot of workers. And women were concentrated in health care and education—or even government, for example, which also fared OK and weathered the storm during the recession.

ES: *As you noted, some of the hardest-hit groups during the recession were men, younger workers, the less educated, and*

some minority groups, especially blacks and Hispanics. How have these groups historically fared during economic recoveries, and is this recovery following similar patterns?

Smith: Well, historically, black unemployment levels have always been twice as high as that of whites, in and out of recession. Just to give you some examples in the recent past, if the black or African-American unemployment rate was about 16 percent, you have a comparable 8 percent for whites. If I think of a ratio of three to one, that’s the ratio of unemployment between those with a high school or a college degree. Three to one, young versus old workers. If one in five young white workers is unemployed, then two in five—or closer to three in five—young black workers are unemployed. So once you look at unemployment by race and unemployment by gender, African-Americans and Latinos are far more likely—especially if they are young, which we define as under 24—to be unemployed.

Your question is how is that different from the past. It’s very, very similar to recessions we’ve seen in the past. There’s a phenomenon we like to call “first fired, last hired” when we are describing what happens with African-Americans in recessions. And we found that by looking at recessions, you can often use the unemployment rate of African-Americans as an indicator of what will happen a few months down the road to the rest of the population. So we have an issue here that the unemployment data over the past recessions tell an interesting trend.

ES: *You mentioned earlier that young people were one of the hardest-hit groups during the downturn. How does missing out on work skills affect outcomes for them over the longer term?*

Smith: Well, whether you’re young or old, you don’t want to sit on your skills and not develop new ones. We have to consider ourselves now as living in a society where everyone is constantly learning. You’re constantly ensuring that you are at

the cutting edge of new technology, that you are useful, and that you can make a contribution. And part of that is through educating yourself. When we think about educating yourself, it’s not necessarily going back to school as a 40-year-old or a 50-year-old to get a bachelor’s degree, but you can consider stackable certificates, you could consider postsecondary vocational certificates and other industry-based licenses and certificates, something that better connects you to the marketplace, better demonstrates your abilities to do the skill, or better demonstrates your ability at the job.

If you have to consider the alternative, I think people should be thinking of how best to place themselves so that they can hit the ground running when the new opportunities arise. When we talk about retraining and postsecondary education and training, it’s not necessarily a bachelor’s degree. But we can talk about middle skills, postsecondary vocational certificates, industry-based licenses—anything that shows that you now have the capacity to work on these new machines, you now have the capacity to attach yourself to the new type of technology that’s out there. ■

This interview was conducted by Tom Heintjes, managing editor of EconSouth.



Editor’s note: To read a longer version of this interview, go to frbatlanta.org and select “Podcasts.”