

America's jobless problem: What would Reagan do?

FORTUNE

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By Nin-Hai Tseng, writer-reporter July 19, 2011: 9:46 AM ET

When the unemployment rate soared during his first term, President Reagan backed a government program to train one million workers in new job skills.

FORTUNE – With the nation's unemployment rate still above 9%, the merits of government-funded job training programs have fallen under deeper scrutiny. Do they help people find employment or are job training programs just government waste?



President Reagan, supporter of government jobs programs.

The most vocal critics have come from U.S. House Republicans, who question whether programs designed to train unemployed workers *really* help them find work. In pushing to cut funding this year for programs financed under the Workforce Investment Act, they pointed to a recent Government Accountability Office [report](#) that spotted extensive overlaps of the programs and limited studies proving how effective they are. Following much upheaval, Congress cut spending for WIA by 10%, or \$307 million of its nearly \$4 billion budget.

Many Republicans, it seems, would rather let the free market take care of the unemployed, as opposed to government. But that wasn't always the consensus view of the party. In fact, the Republican president that so many in the GOP hold in the highest regard was a supporter of government-funded jobs programs: Ronald Reagan.

Support for federally-funded work programs has always crossed party lines, even if it doesn't today. In 1982, when the unemployment rate reached 10%, President Reagan signed the Job Training Partnership Act into law. The U.S. was undergoing a deep economic recession, and the Reagan administration was considering dismantling the 1973 Comprehensive Employment Training Act signed under former President Richard Nixon. Under the CETA, the design and implementation of employment and training programs was for the first time given to states and local governments. But it was also heavily criticized for nepotism and corruption.

"The Reagan administration would rather have done away with the program altogether, but they couldn't afford it politically," says Gordon Lafer, a University of Oregon economics professor and author of *The Job Training Charade*.

When Reagan signed the JTPA into law, he suggested it would be different from the previous program: "This is not another make-work, dead-end, bureaucratic boondoggle," he said at the time. "This program will train more than one million Americans every year in skills they can market where they live. It'll make a difference on Main Street."

About This Author



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The JTPA received mixed reviews during its 10-year run, however. It was known for paying particular attention to poor and economically disadvantaged workers. And while studies showed women tended to benefit from the program more than men, it was also criticized for being too small to help participants leave welfare payrolls and escape poverty.

"You see job training drag out in every unemployment crisis," says Lafer, adding that most programs haven't been comprehensive enough to adequately respond to joblessness. "It's a very useful political move to evade responsibility for what really has to be done. And that's to give the jobless jobs."

Even when the economy was relatively good, politicians felt government needed to continue playing a role in job training. The current WIA was enacted in 1998 under President Clinton during a period of economic expansion. Under the law, local boards oversee employment and training services at job centers across the country. Though federal funding has generally fallen through the years (the National Skills Coalition, a Washington, DC- advocacy group that supports federal policies that improve workers' skills, estimates funding has declined about 30% between 2007 and 2009), the Obama administration increased grants sent to states for training laid-off workers by \$1.4 billion for 2009 and 2010.

Indeed, skepticism over such efforts has intensified as lawmakers wonder if job training can be viewed as a cure for joblessness. And those who support more government involvement say existing programs don't do enough – that training provides general skills without focusing on specialized fields in demand, among other inefficiencies.

However unhappy both sides are with WIA, if history repeats itself, the federal government will continue providing job training -- no matter which party runs the show.

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