

UPSIDE PODCAST — #Episode 104

Functionally illiterate American workers now earn about the same per hour as the average British worker

New FT analysis of OECD data, and it says something uncomfortable about the UK economy.



THE NATIONAL STORY

We've been told *the answer is education.*

Fix the skills gap and growth follows. It's been the framing for two decades. New Labour drove a huge push to get more people into university, and by most measures it worked. **Britain now has some of the best educated young people in the rich world.**



SO WHY HASN'T PAY MOVED?

Well educated, *and still not well paid.*

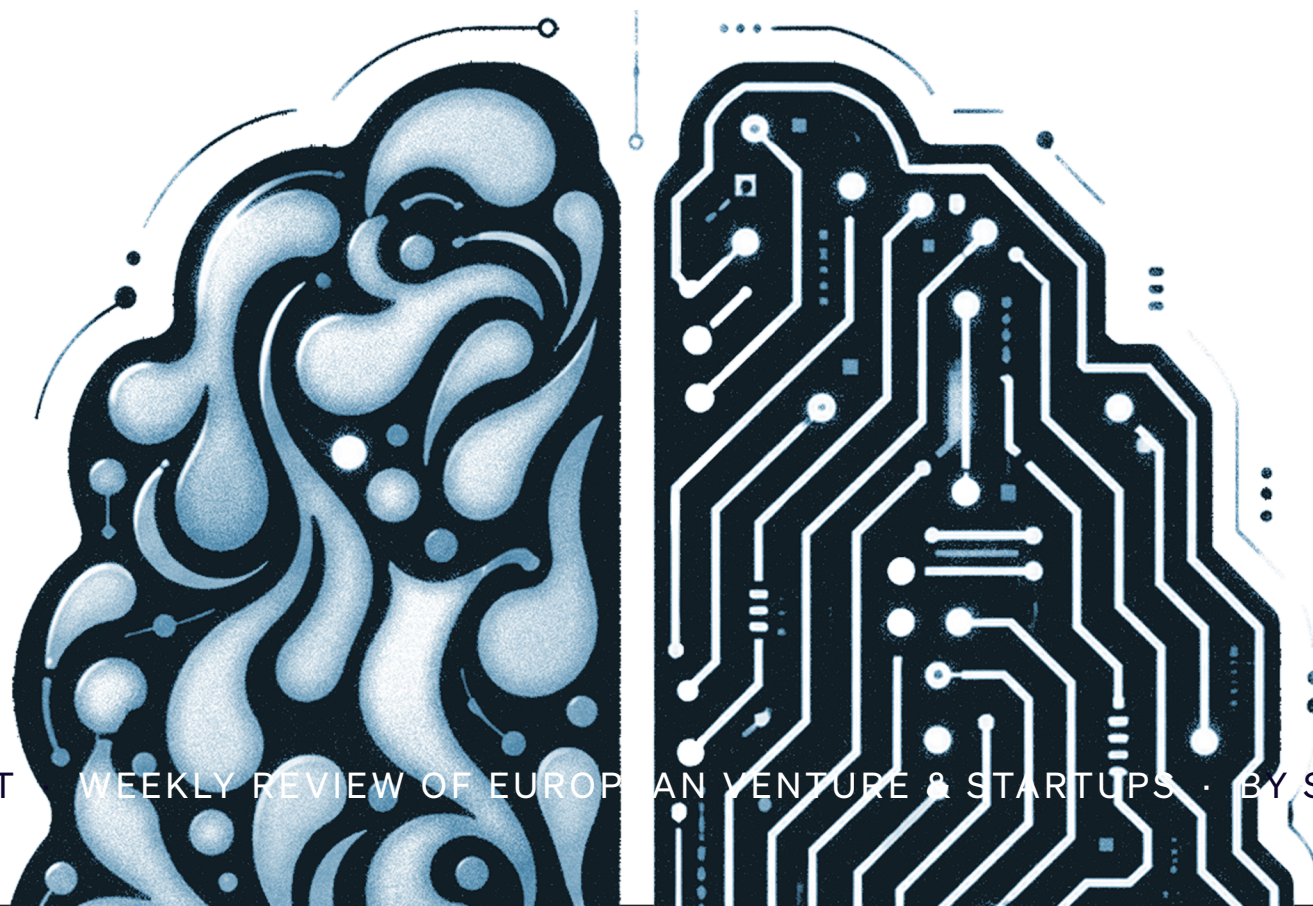
The skills arrived. The wages didn't. Economic stagnation means all that education produces frustration rather than growth, *because the jobs that would reward it were never created.*



THE UNCOMFORTABLE NUMBER

Some degrees *cost the country money.*

IFS analysis puts the lifetime return on a creative arts degree for a man in the UK at around negative £100,000. The state never recovers what it invested. Meanwhile the country is short of engineers.



THE REFRAME

Past a certain point, *the causation flips.*

Education drives growth while a country is moving from low income to high income. After that, the stronger force runs the other way, and the economy starts driving educational outcomes. Britain is well past that point and still arguing about the wrong end of it.

CLOSER

Fixing schools was never going to fix *the economy on its own.*

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