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## MORE COLLEGE DEGREES AREN'T ENOUGH TO WIPE OUT INEQUALITY, PAPER SAYS

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Better education would lift the earnings of men in the bottom half of the income scale but wouldn't be enough to erase inequality between the rich and poor, according to a new paper.

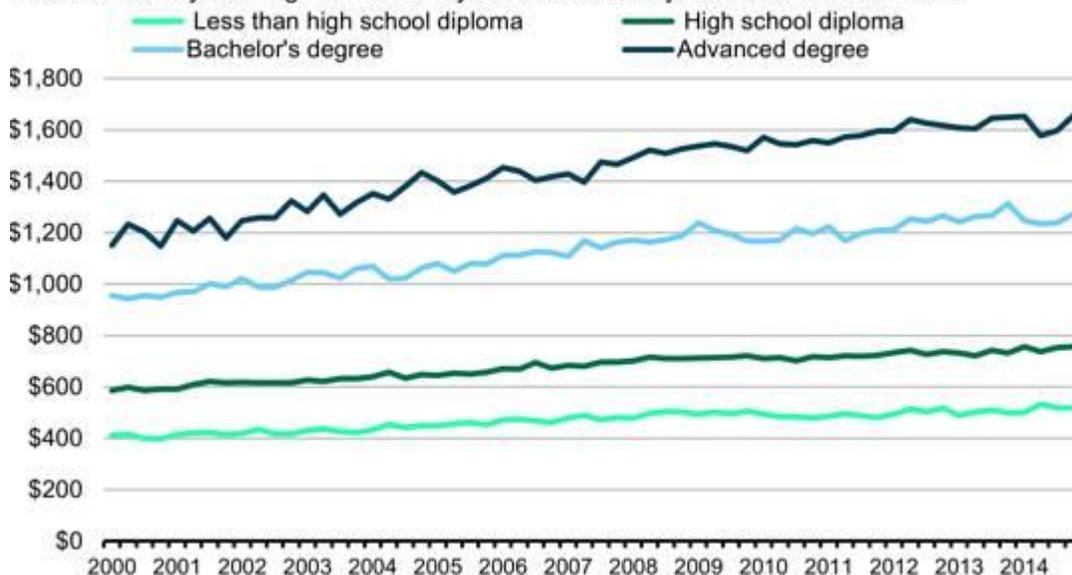
The study, by economists Brad Hershbein, Melissa Kearney and former Treasury Secretary Lawrence Summers, simulates the impact of a bachelor's degree on the population of men 25 to 64 who don't have one.

"On average, more education does translate into more-valuable skills, and the results of our simulation exercise support that view," the report for the Brookings Institution's Hamilton Project said. "At the same time, they make it clear that increasing the share of working-age men that have college degrees will do very little to decrease the overall level of earnings inequality."

Income inequality and wage stagnation have been two key themes running through academic and policy circles. The average incomes of the wealthiest 1% have dramatically outpaced the incomes of everyone else. Meanwhile, steady job creation hasn't led to higher pay for most workers.

### Pay Day

Median weekly earnings for men 25 years and older by educational attainment



Source: Labor Department | WSJ.com

Unsurprisingly, Mr. Summers and his colleagues argue that increasing the skills of those in the lower half of income distribution charts will improve their economic position.

Their exercise focuses on low-skilled men, a cohort that has seen a heavy drop in employment and earnings in recent years. The simulation finds that a boost in bachelor's degrees would lift annual earnings of the lowest 25% to \$8,720 from \$6,100. At the middle of the pack, earnings would increase to \$37,060 from \$34,000.

"Our nation should aim to increase the educational attainment and, more generally, the skills of less-educated and lower-income individuals because in the long-run, this is almost surely the most effective and direct way to increase their economic security," the authors said. That includes improving K-12 education and providing more workforce training.

But a boost to \$8,720 or even \$37,060 won't close the gap with top earners.

"These are distinct, albeit interrelated challenges, and the public discourse would be much improved if it stopped conflating them," the authors said.