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## Fries with that BA? The declining value of a degree

By MARGARET WENTE

*People who can't find the jobs they want are settling for something less, pushing the less qualified down the ladder. The biggest losers are the people at the bottom, who get pushed out*

The real story among today's twentysomethings isn't unemployment. It's underemployment. An amazing number of university-educated offspring of the upper middle class are working as caterers, concierges and fitness instructors until something better comes along.

Linda is one of them. She has a BA in English and women's studies – in retrospect, perhaps not the wisest choice of major, but when she started university a decade ago, no one knew that yet. After graduation, she travelled and taught English in Asia for a couple of years. Today, at 29, she's working at a fitness club in Toronto and living in her parents' basement. Her latest job hunt was not exactly encouraging. "I learned that I shouldn't quit my really crappy job, because it's a bit better than a lot of other crappy jobs out there," she told me.

Today's young service class may be the most overqualified service class in history. And now, new research from a trio of Canadian economists suggests this unhappy trend will be a fact of life for years to come. The University of British Columbia's Paul Beaudry and his team believe there's been a permanent shift in the availability of good jobs. A whole stratum of well-paying white-collar work has evaporated and, even as the economy recovers, those jobs won't be coming back.

The two standard explanations for today's low employment rates are the crash of 2008 and the decline of manufacturing jobs because of globalization and technological change. But Prof. Beaudry and his team spotted a third trend. After two decades of boom times, the job market for university graduates started heading sharply down around the year 2000. "That was the end of the tech boom," he told me. "Since then, demand has been declining relative to the supply."

The result is a downward cascade. People who can't find the jobs they want are settling for something less, pushing the less qualified down the ladder. The biggest losers are the people at the bottom, who get pushed out.

"In this maturity stage, having a BA is less about obtaining access to high-paying managerial and technology jobs and more about beating out less educated workers for the barista or clerical job," the authors write in their study (*The Great Reversal in the Demand for Skill and Cognitive Tasks*, published by the National Bureau of Economic Research). In other words, less educated workers aren't losing out because they're underqualified. They're losing out because they have to compete with people like Linda.

Prof. Beaudry is quick to stress that having a BA is still a lot better than not having one. After all, he says, "it's better to be at the top of the cascade than at the bottom." But it's unlikely that the return on investment for a degree will ever be as good as it was 15 years ago. Now that the cost of a typical Canadian BA runs about

\$60,000 (according to the BMO's Wealth Institute), students and their families will probably be taking a harder look at what they're getting for their money.

"It's very frustrating," Linda says. "My friends who went to George Brown College are realtors or running restaurants. I have a piece of paper that says I know how to regurgitate information."

The Beaudry study analyzes U.S. numbers and, because of the resource boom, the Canadian picture, especially in the West, is somewhat different. Still, Linda's story isn't rare. Two of her fellow fitness instructors also have university degrees. She is painfully aware that many of her friends are far ahead of her on the career track. To improve her prospects, she, too, has decided to enroll in a community-college program. "I didn't work this hard to get people towels," she says.

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