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# EDUCATION AND U.S. COMPETITIVENESS

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Harvard Business School

*Business and Education Leaders Together:  
Accelerating Opportunity for America's Students  
November 20, 2013*



H A R V A R D | B U S I N E S S | S C H O O L

## WHAT IS COMPETITIVENESS?

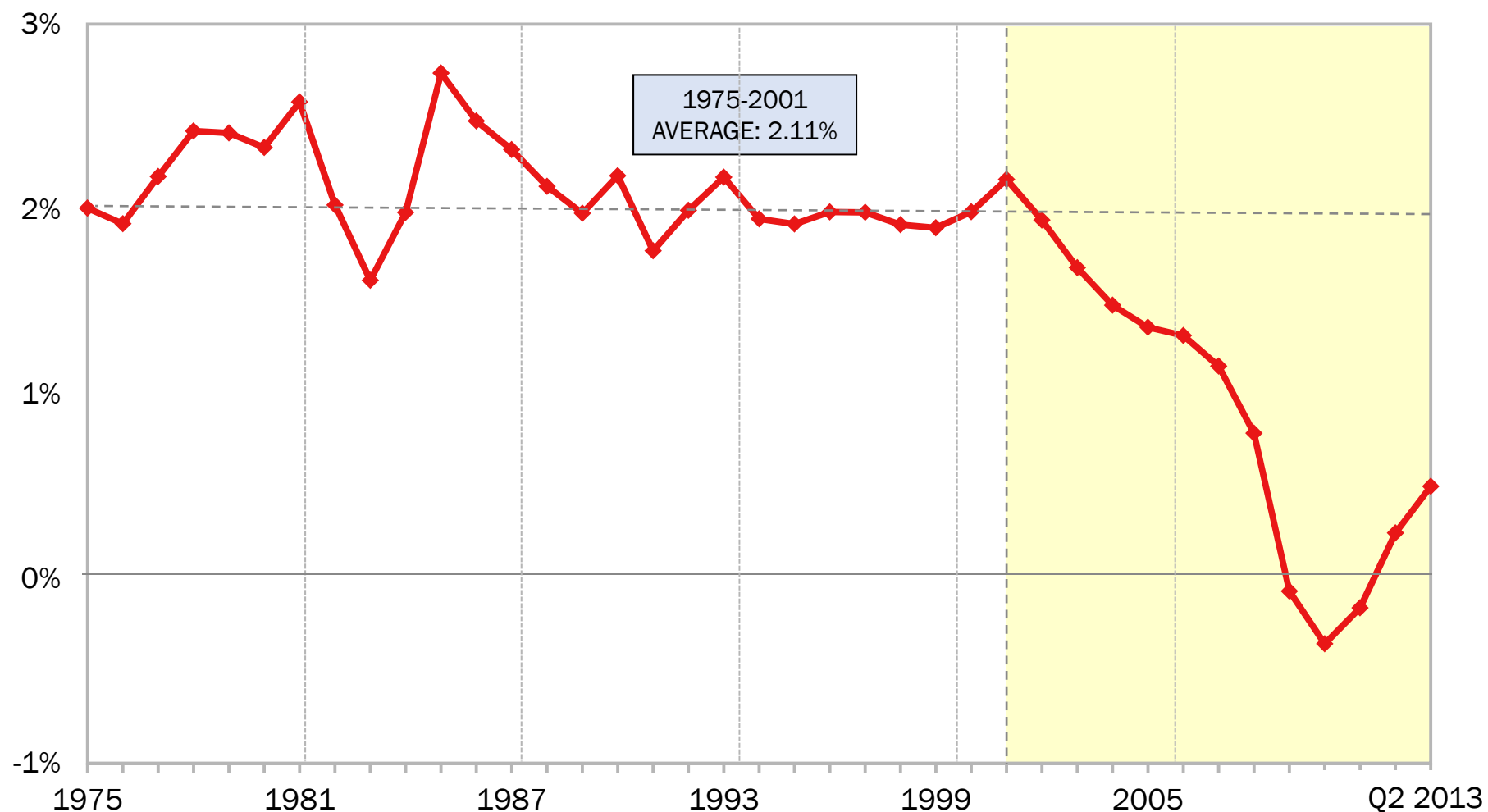
The United States is a competitive location to the extent that firms operating in the U.S. are able to **compete successfully** in the global economy while supporting **high and rising wages and living standards** for the average American

- Competitiveness is **not** low wages or a cheap dollar



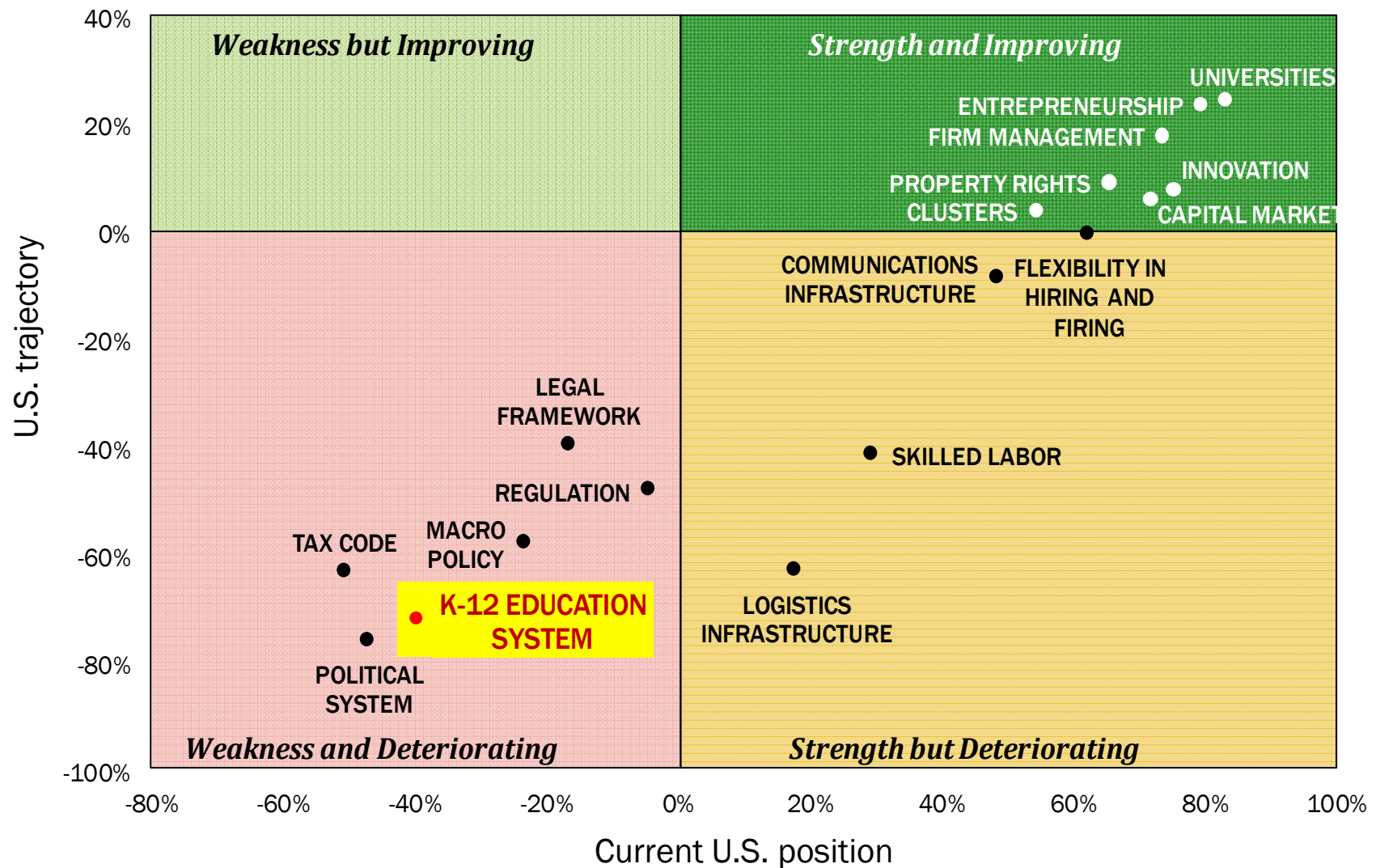
- Competitiveness depends on improving **long-run productivity**
  - Productivity of existing employees
  - High participation of working age citizens in the workforce

## ROLLING 10-YEAR COMPOUND ANNUAL GROWTH RATE IN TOTAL NUMBER OF U.S. PRIVATE NONFARM EMPLOYEES



Source: Bureau of Labor Statistics, Current Population Survey; author's calculations.

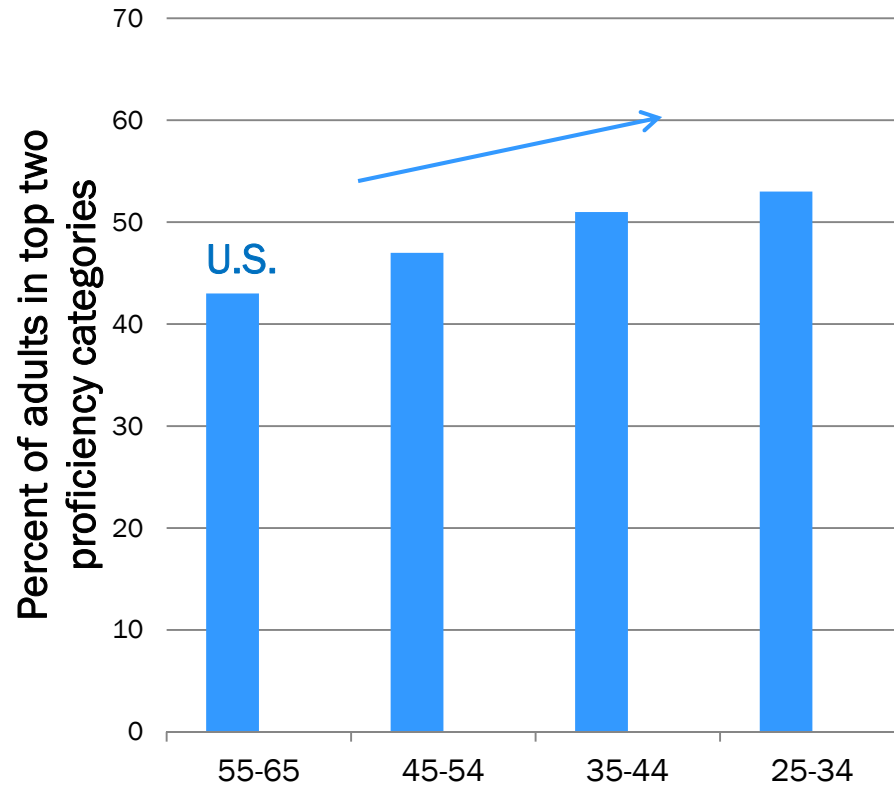
# ASSESSING THE U.S. BUSINESS ENVIRONMENT: BUSINESS LEADER SURVEY 2012



Source: Harvard Business School Survey on U.S. Competitiveness

## ADULT LITERARY COMPETENCY BY AGE COHORT

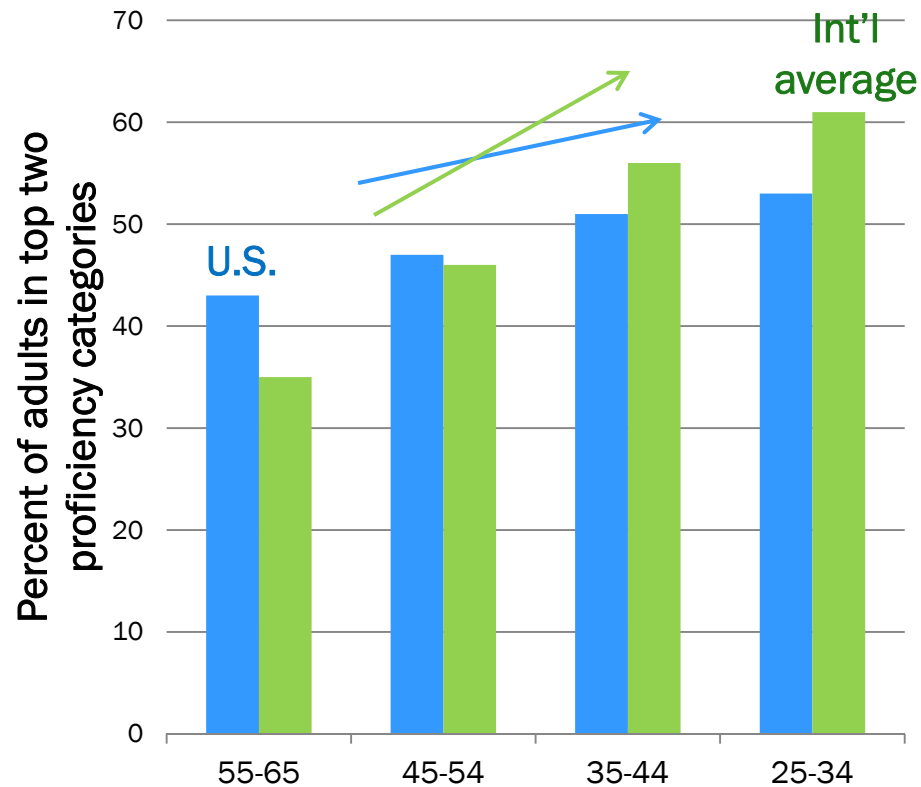
### U.S. VS. INTERNATIONAL PEERS



Source: Goodman, M., Finnegan, R., Mohadjer, L., Krenzke, T., and Hogan, J. (2013). Literacy, Numeracy, and Problem Solving in Technology-Rich Environments Among U.S. Adults: Results from the Program for the International Assessment of Adult Competencies 2012: First Look (NCES 2014-008). U.S. Department of Education. Washington, DC: National Center for Education Statistics.

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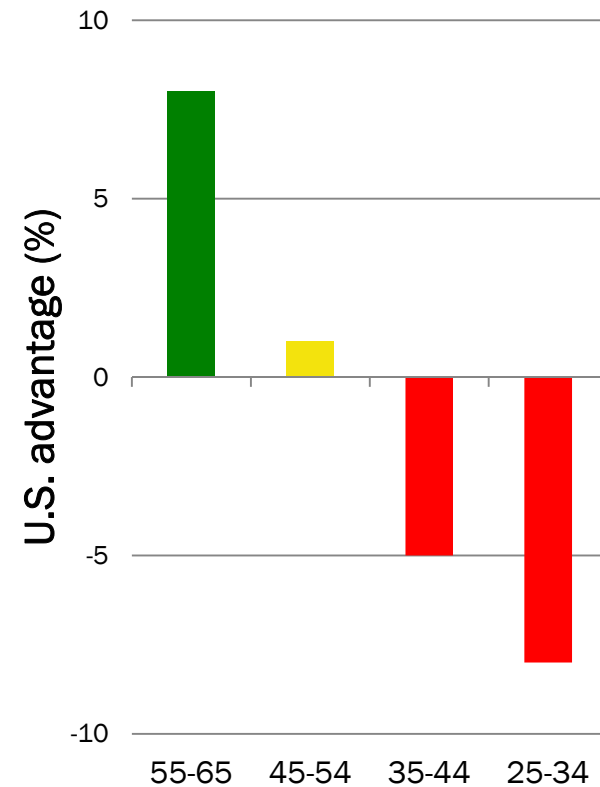
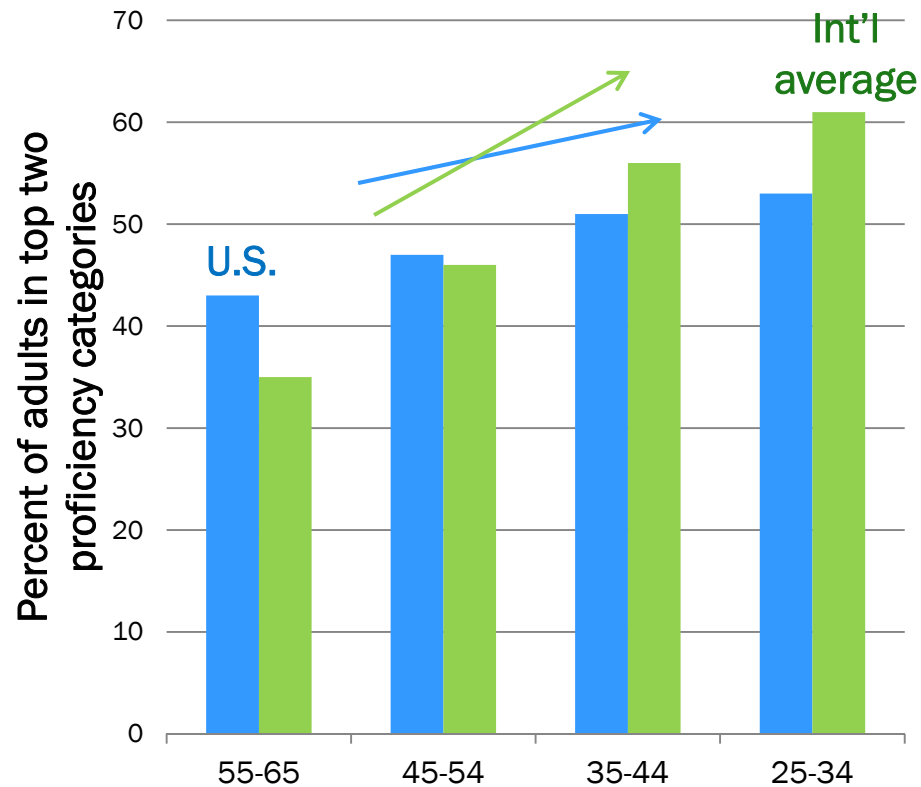
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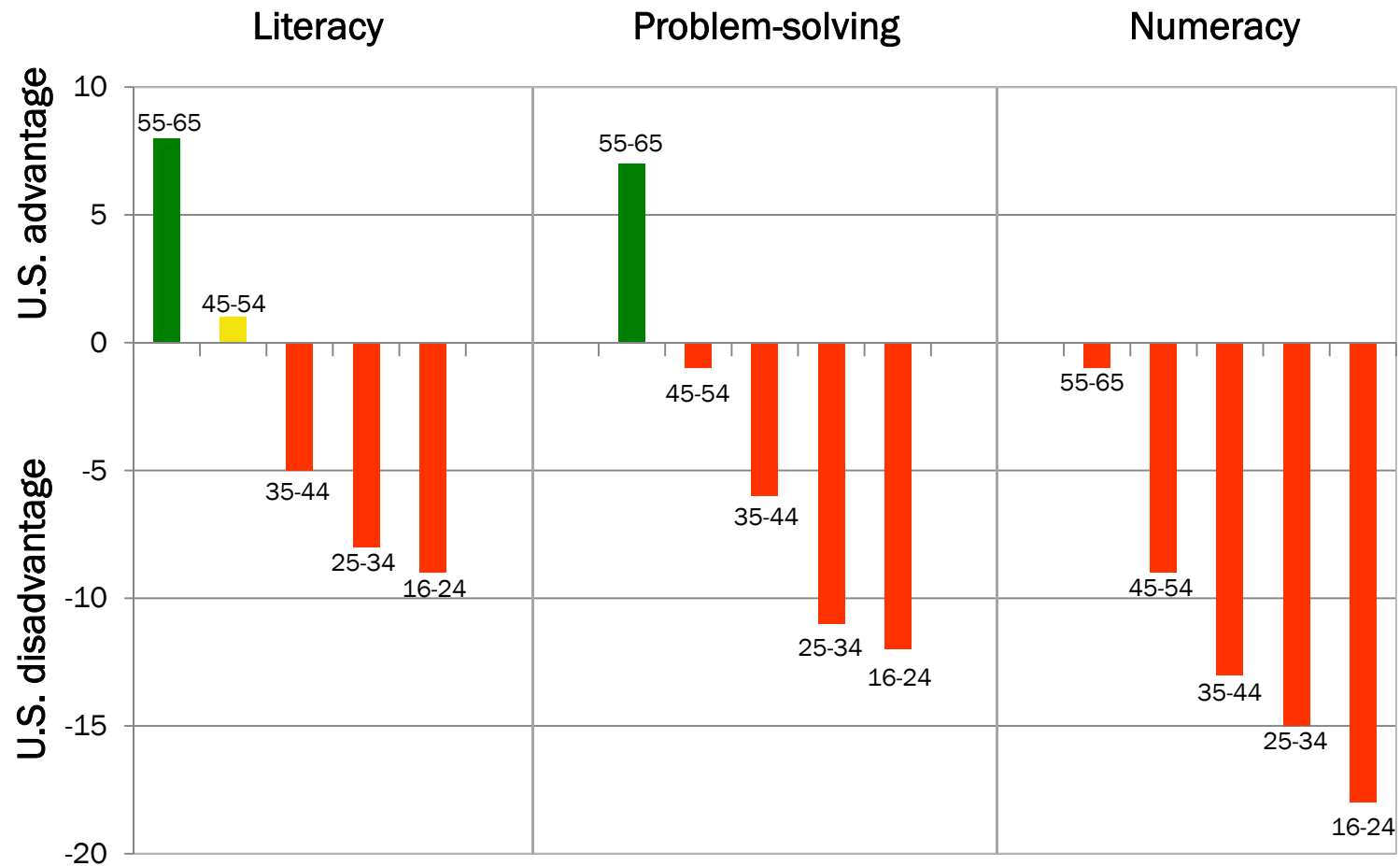
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# ADULT COMPETENCIES

## U.S. VS. INTERNATIONAL PEERS, BY AGE COHORT

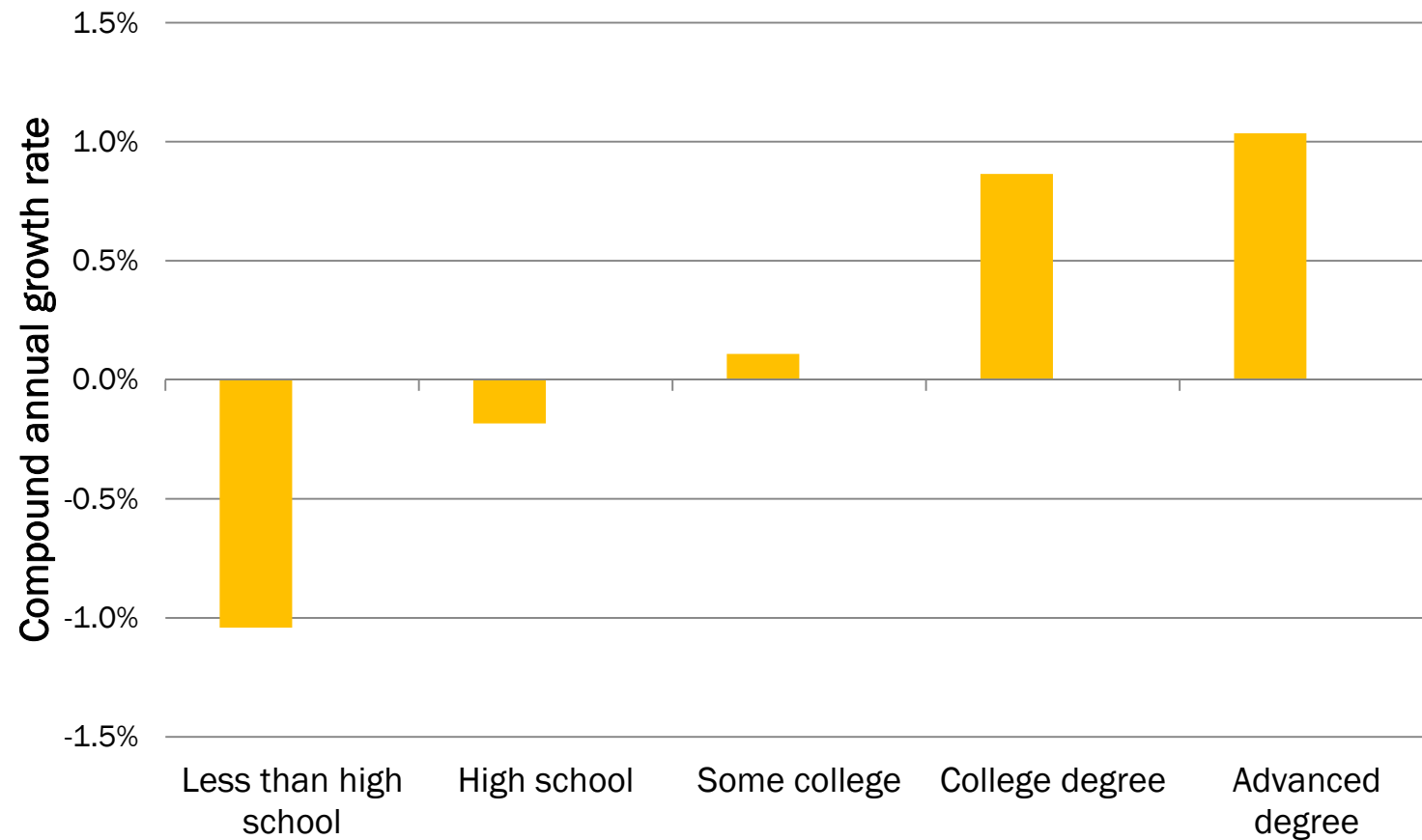


Definition of Y axis (performance) = % of U.S. adults in top two proficiency categories - % of all int'l. adults in top two proficiency categories.

Source: Goodman, M., Finnegan, R., Mohadjer, L., Krenzke, T., and Hogan, J. (2013). Literacy, Numeracy, and Problem Solving in Technology-Rich Environments Among U.S. Adults: Results from the Program for the International Assessment of Adult Competencies 2012: First Look (NCES 2014-008). U.S. Department of Education. Washington, DC: National Center for Education Statistics.



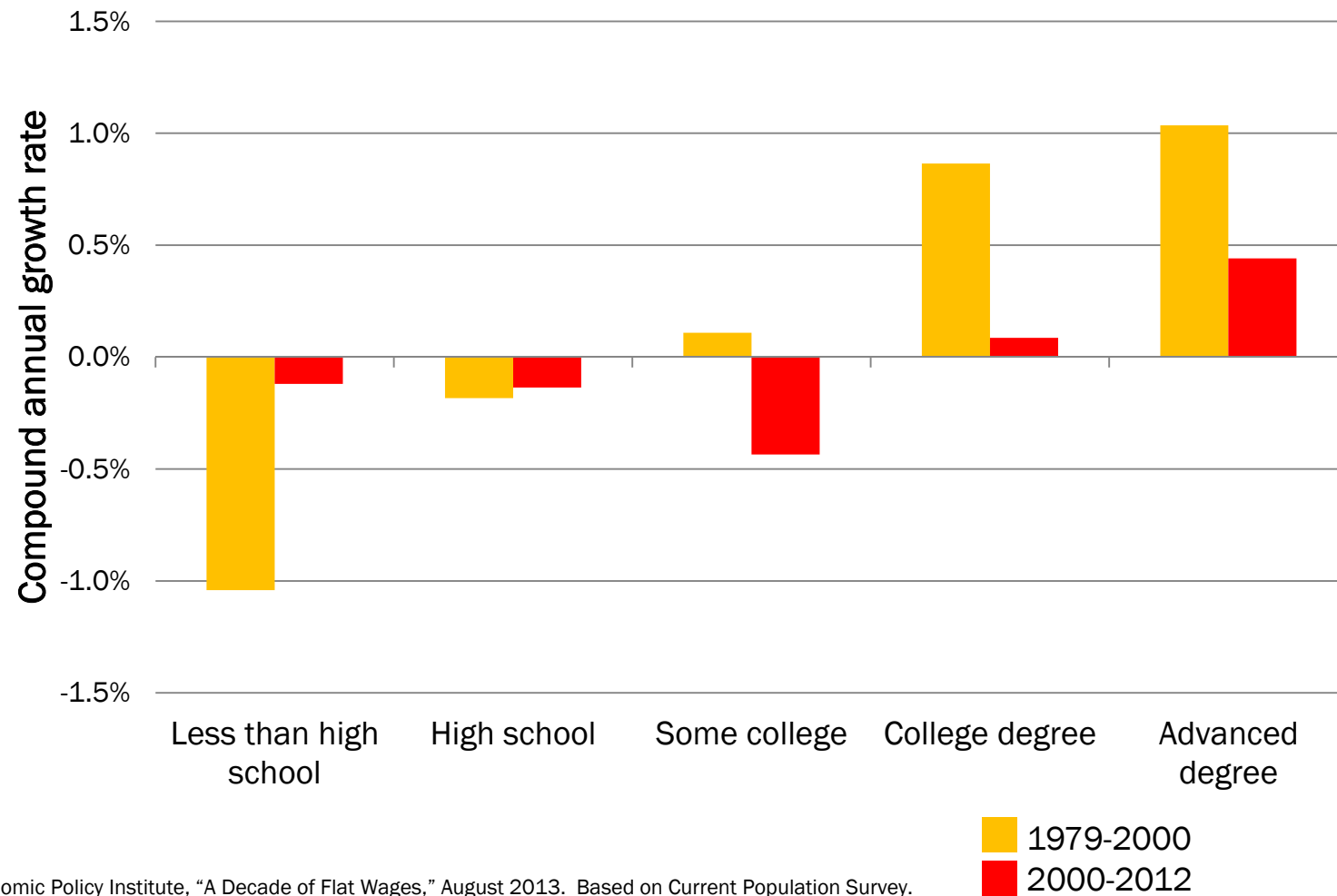
## REAL HOURLY WAGE GROWTH BY EDUCATIONAL ATTAINMENT 1979-2000



Source: Economic Policy Institute, "A Decade of Flat Wages," August 2013. Based on Current Population Survey.

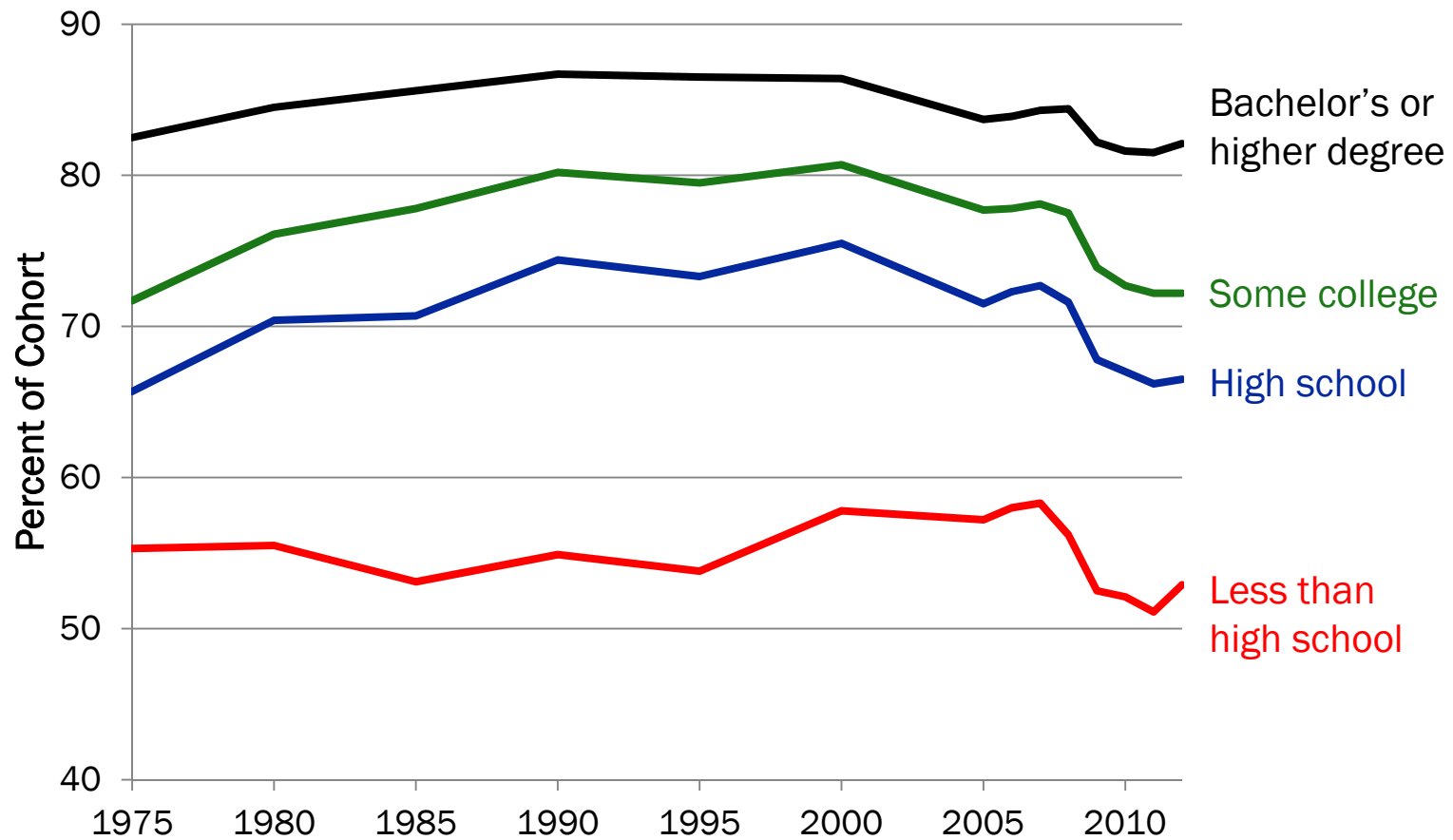
## REAL HOURLY WAGE GROWTH BY EDUCATIONAL ATTAINMENT

### 1979-2000 VERSUS 2000-2012



Source: Economic Policy Institute, "A Decade of Flat Wages," August 2013. Based on Current Population Survey.

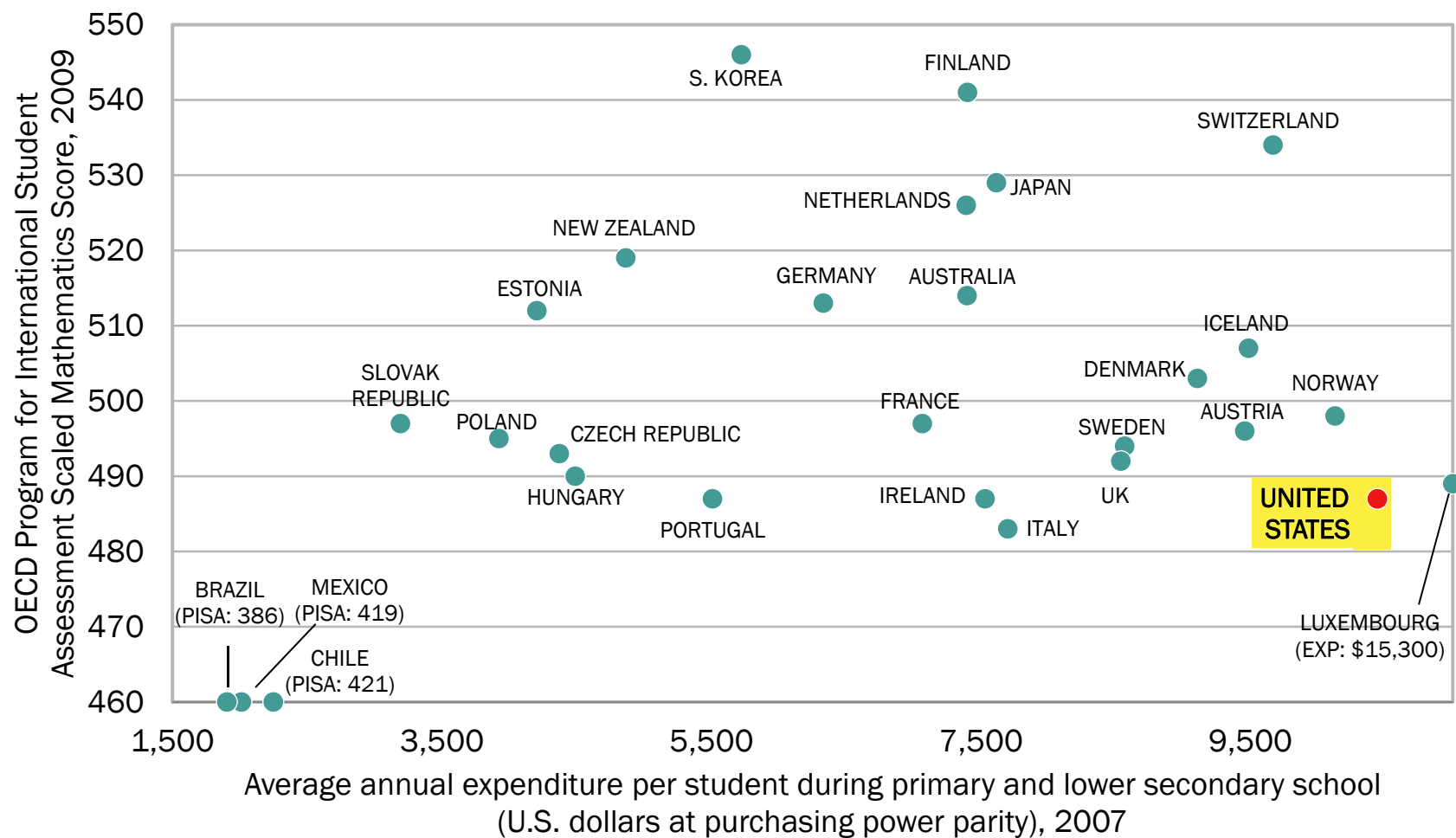
## EMPLOYMENT TO POPULATION RATIOS BY EDUCATIONAL ATTAINMENT



Note: Cohort includes persons 25 to 64 years old.

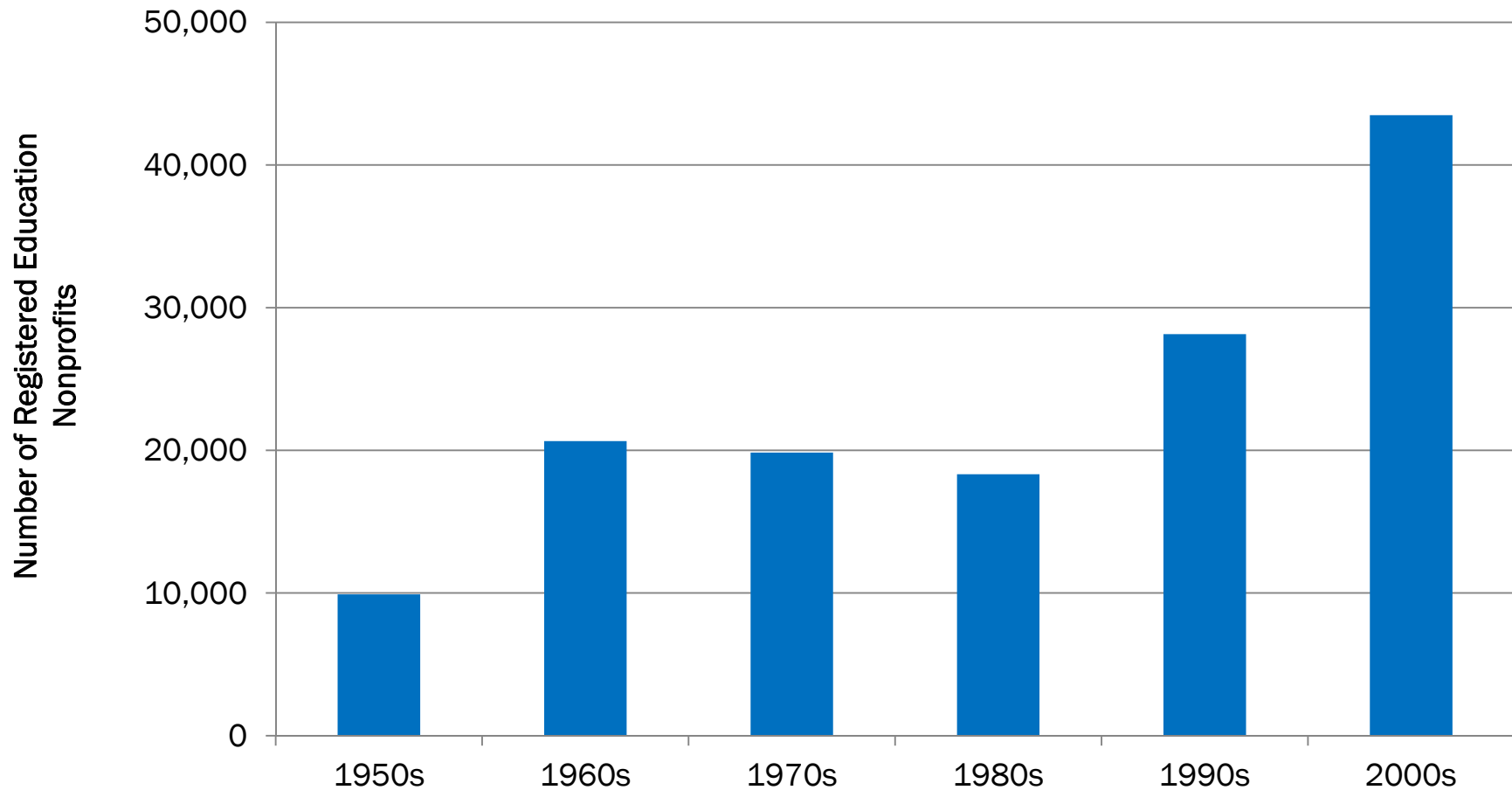
Source: National Center for Education Statistics, Digest of Education Statistics, 2012. Based on U.S. Department of Labor, Bureau of Labor Statistics, Office of Employment and Unemployment Statistics.

## EDUCATIONAL SPENDING VERSUS ATTAINMENT: MATHEMATICS



Source: OECD, author's calculations.

## GROWTH IN U.S. EDUCATION NONPROFITS



Source: Internal Revenue Service, Exempt Organizations Business Master File (2013, Oct)  
The Urban Institute, National Center for Charitable Statistics.

Figures include nonprofits whose major purpose or activity is education (excluding higher education) categorized by IRS ruling date.