

OPINION

# Will Dropouts Save America?

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I TYPED these words on a computer designed by Apple, co-founded by the college dropout Steve Jobs. The program I used to write it was created by Microsoft, started by the college dropouts Bill Gates and Paul Allen.

And as soon as it is published, I will share it with my friends via Twitter, co-founded by the college dropouts Jack Dorsey and Evan Williams and Biz Stone, and Facebook — invented, among others, by the college dropouts Mark Zuckerberg and Dustin Moskovitz, and nurtured by the degreeless Sean Parker.

American academia is good at producing writers, literary critics and historians. It is also good at producing professionals with degrees. But we don’t have a shortage of lawyers and professors. America has a shortage of job creators. And the people who create jobs aren’t traditional professionals, but start-up entrepreneurs.

In a recent speech promoting a jobs bill, President Obama told Congress, “Everyone here knows that small businesses are where most new jobs begin.”

Close, but not quite. In a detailed analysis, the National Bureau of Economic Research found that nearly all net job creation in America comes from start-up businesses, not small businesses per se. (Since most start-ups start small, we tend to conflate two variables — the size of a business and its age — and incorrectly assume the former was the relevant one, when in fact the latter is.)

If start-up activity is the true engine of job creation in America, one thing is clear: our current educational system is acting as the brakes. Simply put, from kindergarten through undergraduate and grad school, you learn very few skills or attitudes that would ever help you start a business. Skills like sales, networking, creativity and comfort with failure.

No business in America — and therefore no job creation — happens without someone buying something. But most students learn nothing about sales in college; they are more likely to take a course on why sales (and capitalism) are evil.

Moreover, very few start-ups get off the ground without a wide, vibrant network of advisers and mentors, potential customers and clients, quality vendors and valuable talent to employ. You don't learn how to network crouched over a desk studying for multiple-choice exams. You learn it outside the classroom, talking to fellow human beings face-to-face.

Start-ups are a creative endeavor by definition. Yet our current classrooms, geared toward tests on narrowly defined academic subjects, stifle creativity. If a young person happens to retain enough creative spirit to start a business upon graduation, she does so in spite of her schooling, not because of it.

Finally, entrepreneurs must embrace failure. I spent the last two years interviewing college dropouts who went on to become millionaires and billionaires. All spoke passionately about the importance of their business failures in leading them to success. Our education system encourages students to play it safe and retreat at the first sign of failure (assuming that any failure will look bad on their college applications and résumés).

Certainly, if you want to become a doctor, lawyer or engineer, then you must go to college. But, beyond regulated fields like these, the focus on higher education as the only path to stable employment is profoundly misguided, exacerbated by parents who see the classic professions as the best route to job security.

That may have been true 50 years ago, but not now. In our chaotic, unpredictable economy, even young people who have no interest in starting a business, and who want to become professionals, still need to learn the entrepreneurial skills that will allow them to get ahead.

True, people with college degrees tend to earn more. But that could be because most ambitious people tend to go to college; there is little evidence to suggest that the same ambitious people would earn less without college degrees (particularly if they mastered true business and networking grit).

And while most people who end up starting businesses likely have college degrees, those degree-bearers should be well aware (as they learned in their freshman statistics classes) that correlation does not equal causation. Assuming that college was responsible for their success gives higher education more credit than it deserves.

AFTER all, there is not one job market in America, but two. The formal market we always hear about — jobs that get filled through cold résumé submissions in reply to posted ads — accounts for only about 20 percent of jobs.

The other 80 percent get filled in the informal job market. Any employer knows how the informal job market works: you need a position filled, so you ask your friends, colleagues and current employees if they know anyone who would do a good job.

In this informal job market, the academic requirements listed in job ads tend to be highly negotiable, and far less important than real-world results and the enthusiasm of the personal referral.

Classroom skills may put you at an advantage in the formal market, but in the informal market, street-smart skills and real-world networking are infinitely more important.

Yet our children grow up amid an echo chamber of voices telling them to get good grades, do well on their SATs, and spend an average of \$45,000 on tuition — after accounting for scholarships — while taking on \$23,000 in debt to get a private four-year college education.

It's time that we as a nation accepted a basic — and seldom-mentioned — fact. You don't need a degree (and certainly not an M.B.A.) to start a business and create jobs, nor is it even that helpful, compared with cheaper, faster alternatives.

Parents could turn the system on its head if they weren't so caught up in outmoded mentalities about education forged in the stable economy of the 1950s (but profoundly misguided in today's chaotic, entrepreneurial economy).

Employers could alter this landscape if they explicitly offered routes to employment for those who didn't get a degree because they were out building businesses.

And the government could divert some of the money it now spends encouraging college for all, and instead promote the idea that creating a start-up is a worthy, respectable alternative to academics. This would go a long way to helping our unemployment problem.

If I were betting on the engines of future job creation, I wouldn't put my money on college students cramming for tests and writing papers with properly formatted M.L.A.-style citations in order to bolster their résumés for careers in traditional professions and middle-management jobs in large corporate and government bureaucracies.

I'd put my money on the kids who are dropping out of college to start new businesses. If we want to get out of the jobs mess we're in, we should hope that more will follow in their footsteps.