



What's behind JPMorgan's push for worker training?

By Jill Priluck
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Just a few weeks before federal prosecutors announced a nearly \$2 billion settlement with JPMorgan Chase over Bernie Madoff's fraudulent accounts, chairman and chief executive officer Jamie Dimon sat alongside former Congressman and White House Chief of Staff Rahm Emanuel at an Aspen Institute forum in the biology lab of Malcolm X College to tout the embattled bank's five-year, \$250 million, multi-city investment in job training. The bank would commit \$15 million for "workplace readiness and demand-driven training" in Chicago.

JPMorgan is not alone in its quest to change how it is seen. Goldman Sachs recently extended its 10,000 Small Businesses plan to Detroit, the latest of a number of cities to receive cash from the investment bank. There's a reason beyond the corporate charity push for all the giving. The financial industry is facing a sea change in electoral politics. It is increasingly operating in a polarized political system that has placed a premium on accountability. Populist and ideologically extreme constituencies are needed for primaries and general elections in which fewer middle-of-the-road voters participate. Loyalties change quickly if pols don't sway the way their bases want. Elected and would-be elected officials can rely on campaign cash from super PACs and independent expenditures involving wealthy contributors like Sheldon Adelson, George Soros and David Koch. Campaigners don't have to rely as much on Wall Street as a unit.

Politicians, especially Democrats, benefit from denouncing financiers. As Ben White and Maggie Haberman reported in Politico, "at both ends of the political spectrum, the titans of American finance today find themselves alienated from politics to a surprising degree." White and Haberman document an environment in which President Obama labels them "fat cats," the left demonizes and the Tea Party Republicans just shun. So when someone like White House Senior Adviser Valerie Jarrett mentioned Goldman Sachs' 10,000 Small Businesses in an interview with White, it shows the benefits an outfit like JPMorgan get from courting charitable initiatives, even if they delve into murky policy terrain.

It's no accident that Dimon appeared with Emanuel, who is perceived as a hands-on, connected public servant. More than just a good will gloss, the bank's job training effort is a move to make nice with a political and regulatory establishment that denounces plutocrats. So what better way

for JPMorgan Chase to ingratiate itself with the public servant class than to play policymaker in Chicago by throwing tax-deductible money to a job-skills training effort run by a proven pragmatist with deep Washington ties?

JPMorgan Chase won't say much about how the "New Skills at Work" initiative was conceived or what it will entail. A continuation of the bank's corporate responsibility arm that funds non-profits and others, the push is clearly an effort to change the bank's deteriorating public image following the \$13 billion Department of Justice settlement, the Madoff case that included a blocked probe, an "Ask JPMorgan" social media campaign that yielded questions such as whether it is "ok to outright lie cheat and steal" and a host of other embarrassments.

The New Skills at Work initiative is much more complicated. Goldman Sachs' simple effort to award grants to upstarts presented a pretty cheery proposition for both the little guy and the bank. But the jobs conundrum is wonkier than funding startups. It is politically sticky. It requires JPMorgan Chase to collaborate with policymakers in New York, Los Angeles, Miami and Chicago. It involves consulting with academics and non-profit leaders to figure out what kind of manufacturing or retail jobs are vacant, what the lacking skills are and how to target populations that need the most training. JPMorgan is wading into an unemployed workforce that may be overlooked not because of a lack of skills, ultimately, but because of deeper problems such as a cultural and socioeconomic dissonance with employers, an inability to square work responsibilities with family or healthcare pressures, and most importantly an economy in transition.

This is not a problem that can be solved simply by throwing cash in its direction. While there are exceptions, job training programs have been some of the biggest public policy failures of the last generation. New Deal initiatives were policy coups that helped the Depression-worn find jobs, but modern counterparts have lacked resonance. In 1984, the libertarian Cato Institute criticized federal efforts during the height of the Reagan era and it's been downhill ever since. As recently as June, the General Accounting Office reported that Obama's green jobs initiative has been slow to reap rewards. It remains to be seen whether the grants to states announced by Obama in September will be any more of an improvement.

Obviously, a \$250 million expenditure over five years that also happens to be a charitable tax deduction is not a hit to the bottom line. But the willingness of JPMorgan Chase to expend so much energy and reputational capital on what has been a losing proposition for the last 30 or so years speaks to the bank's dire circumstances in the age of Dodd-Frank, Basel III and a renewed resilience in regulatory and enforcement circles from the SEC to the Justice Department.

It probably won't hurt to school community college kids in workplace culture, norms and tasks. Maybe a data-driven approach will solve the problem of unemployment in Chicago, where 100,000 jobs are vacant. Or maybe it won't. But JPMorgan might have done better if it expended its resources on a winning bet rather than a problem that is far beyond the Band-Aid that a few hours of training in front of a computer screen and a seminar on the meaning of business casual can remedy.

In other words, the bank might have done better to fund small businesses or create small upstarts in these cities and hire the people they're training. That kind of innovation has made policymakers and legislators and the public stand up and take note.