Showing Off

A Review of the Case Against Education

I've decided to review an old book. This exercise seems to me to have some merit for a few reasons. First, if the claims of the book are true, then they would imply certain predictions about the future. I will take this chance to compare those predictions to changes that I have seen since the publication of this book. Second, we should ask ourselves how, if at all, the ideas in the book have shaped our discourse. Mostly, I want to write because the topic of this book has been on my mind as a student, as a teacher and as a job seeker. That book is *The Case Against Education* by Bryan Caplan.

The title alone is likely to dissuade many people. Education is one of our sacred cows, and its benefits are often taken for granted by politicians, pundits and researchers across the political spectrum. In introductory economics, one is taught about externalities. These are costs or benefits associated with a transaction that are realized by parties other than just the buyer or the seller. The textbook example of a negative externality is often air pollution. Conversely, education is nearly always just assumed to have positive externalities. We all benefit from a more skilled work force. One can point to perfectly accurate statistics about college graduates earning more money on average. Since they are presumably being paid for their skills, this difference in earnings must reflect a difference in human capital.

The detractors of this, and they are few, will typically repeat the mantra that correlation is not causation. True, college graduates outearn high school graduate, but they are a self selecting population. Their earnings may have more to do with preexisting traits such as intelligence, work ethic and the ability and willingness to comply with seemingly arbitrary and often boring requirements for a paper reward conferred upon them by authority figures. Are these not the same skills that will most likely be demanded of them in the workplace? In this story, often called ability bias, both their higher earnings and their degree are explained by the same set of facts. They already had the right stuff.

Caplan acknowledges the effects of both human capital and ability bias on the wage premium of education, but he devotes most of his book to a third explanation that he says is often overlooked and explains more of the variance, signaling. Signaling arises when there is asymmetric information between a buyer and a seller. If I want to sell you a car, I know more about that car and its history, its quality, and its reliability than you do. You need to know these things to make an informed purchase, but you can't just ask me. I have a vested interest in telling you how great this car is. How do I, the seller, assure you that this car is worth buying? I can do something that would be prohibitively expensive if the thing I want to signal is false. For instance, I can offer you a warranty of some kind. Offering a warranties on an unreliable cars would mean that I often have to pay for repairs. I can't afford to do this, so the fact that I have offered you this warranty and remain in business is proof that the car won't break.

Similarly, if I am applying for a job. That is to say, trying to sell my labor. You want to know that I am smart, hardworking, reliable, and able to be a team player who follows rules. During an interview, I have every incentive to tell you these things regardless of whether they are true. This is of course far less credible on my part than demonstrating these traits to you somehow, perhaps by completing a four year degree. Like the human capital story, the signaling model suggests that the wage premium of education is causal. That is to say, if the same cohort of people were to earn one addition degree, their expected earning would rise. Like ability bias, the signaling model implies that this effect has little to do with a real increase in job related skills. That is to say, I could spend years in a classroom learning things that I not only won't need to know but am also likely to forget, and the statistics will still say that I earn more.

Of all the evidence that Caplan presents for the signaling model, the strongest in my personal opinion is the sheepskin effects. This reference to the bygone practice of printing diplomas on sheepskin refers to the fact that nearly all of the wage gain is realized on graduation day. Under the human capital model, one would predict that students who complete additional years of schooling, even without earing a degree, would acquire more skills than students who did no such

schooling and should therefore earn more money. In the real world, however, the market rewards school completion.

If one needs more evidence than this, Caplan observes the behavior of students themselves. They cheat on exams and homework, skip class, celebrate when class is canceled, and hunt for easy As. If they were there to amass human capital, then all of this would be against their own interests. Though add that is is not rare for people to act against their own interests, it should give us pause.

Comically, he adds that students bother to enroll and pay tuition. He proposes that if one really wants an education for the sake of the education, they can go to any university they want to and audit classes unofficially for free. Nobody will check their student ID upon entering the classroom. If the professor finds out that they aren't really on the roster and are just there to learn the material, the most likely response is to feel honored and excited. I find this a tad unrealistic, but he raises a point. Would you rather have a top tier education with no grades, no credits and in fact no record that you were ever there, or a top tier diploma without having learned the material or done the work. If you have to think about this, then you already believe that signaling explains at least a huge part of the selfish return to education. What about the social return?

Perhaps the main reason why the signaling model matters is that if it were true, then the thinking that most of us are used to, that education has positive externalities, that it is a great equalizer creating meritocracy and promoting social mobility, that it is where we will build the skilled workforce needed to drive innovation and compete in a complex global economy, is exact ally backwards. This is because signaling is a positional, zero sum game. There was a time when a high school diploma carried meant that someone was a competitive applicant for managerial positions that could support a family. In a world where nearly everyone is encouraged to go to college, advertising yourself on the job market as a high school graduate is laughable. Some say this is because technology has increased the cognitive demands of the workforce. This may be true in some sectors. For many more, the opposite is the case. The more signaling others do, the more you

must do to send the same signal in comparison. Rising credential inflation means that workers must clear ever higher barriers to entry to land a job that pays a livable wage.

This leaves the non economic or difficult to measure benefits that education is often touted for. What about the capacity of education to nourish the soul by inspiring a love of art and culture? Most of us have heard that teachers should teach how to think, not what to think. That is to say, we should all be learning how to learn. Our critical thinking skills will be transferable to any setting. Sometimes, we are told that democracy itself relies upon an educated population. We must know something about civics, history, science and so on if we are to cast informed votes. Caplan, though an economist, has not taken a philistine or strictly utilitarian approach to his critique of education. On the contrary he anticipates these objections.

It may be hard to arrive at a point estimate for the true effect of education on things like appreciate for high culture, critical thinking skills or civic and scientific literacy, so what Caplan does is set an upper bound for this effect. For example, education is not causally responsible for more than one hundred percent of all scientific literacy among or voters. So what then is this level? I'll let you look into that yourself if you are up for some disappointment. Our adult population's performance on test of even the most basic questions of history, science, and government is nothing for a fifth grader to write home about. Our total consumption of high culture overstates actual interests since much of it is compulsory for school, but again, even if we attribute all of it to education, the results are not worth the massive investment of taxpayer dollars.

As for critical thinking skills or the alleged phenomenon of "learning how to learn," Caplan cites much research on something called transfer of learning. For years, Latin classes were defended on the grounds that studying Latin teaches things about linguistics that are applicable to the study of other languages or that lead to a nuanced understanding of the features of one's native tongue that are known only by feel. Transfer of learning can be studied by teaching one subject, in this case Latin, and testing on another, English grammar perhaps. The results suggest that students compartmentalize their learning to an extremely high degree. This is so much the case, that even

physics students who are taught one physical phenomenon by specific application problems and then given a set of problems on that same phenomenon with a different application and even told explicitly to use what they had just learned are unable to solve the modified problems.

It would be difficult if not impossible to write a book on this topic that was devoid of ideological bias. Caplan has not accomplished this. His reluctance to force disengaged students to learn material that they find irrelevant at taxpayer expense clearly reflects his libertarian values. His policy proposal, cutting government spending on education, is perfectly predictable coming from someone who values the free market.

Although at least partly ideologically driven, his critique of education is fairly unconcerned with the ideological effect of education on the students themselves. Many conservatives write with alarm about political correctness on campus or about secular, Marxist professors indoctrinating students on so forth. Based on a sound analysis of the data, Caplan concludes that there is indeed an effect of education on ideology in a secular, fiscally conservative and socially liberal direction. He adds that the effect is small, especially after correcting for IQ. More so, it is mostly peer effect. This means that there is a similar peer effect in the opposite direction among those who do not attend school making the net ideological and religious effect of education on society unclear. It is true that professors themselves have overwhelmingly liberal and secular viewpoints and likely that this effects their teaching. The reason why their effect is much smaller than that of sorting people into different peer groups is partly because the professors themselves are relatively unpersuasive and the students disengaged, partly because indoctrination generally doesn’t work and mostly because of our social nature.

If, according to Caplan, education has any saving grace, it would be vocational education. One might hope that disengaged and under performing students are late bloomers waiting to discover or develop their intellectual, academic or artistic talent at the hands of an inspiring teacher. Those who are engaged might hope for a meaningful or rewarding career in the arts or sciences. Such transformations and such jobs do exist, but they are rare. While these hopes may be noble, the

argument seems to be that vocational training better prepares students for a happy and successful career that is much more likely to be within grasp. Our economy has far more opportunities for plumbers, welders, mechanics, carpenters, machinists, electricians and the like than for nearly anything that academics would prepare someone for. What's more is that many students who would otherwise likely drop out leaving them with crime, low skilled employment and poverty as their only options are far more likely to thrive when placed on a vocational track.

In the years since the publication of *The Case Against Education*, Caplan's ideas have gotten more relevant and remained just as marginalized. The middle class is shrinking rapidly. Many graduates are unemployed or working jobs that don't require a degree. Many more live either in poverty or on the brink of it, stuck in minimum wage jobs with barely any savings. There is less demand in sectors such as finance and technology that college graduates for spent years preparing for. Meanwhile, there is a shortage of skilled trades workers and a growing manufacturing sector with many high skilled and high paying jobs that go unfilled. Young people are responding to these incentives with college enrollment declining rapidly and trade schools taking up the slack.

In spite of this, most politicians, if they discuss education, call for more funding or for some kind of reform, never questioning it more broadly. Cuts are never on the table. The idea that investment in education might in some way hurt the poor is still unthinkable to most even though we intuitively sense that it creates a job market where credentialist gatekeeping is rampant. Anyone who has worked in a high school knows that college readiness is the assumed goal. Rarely, if at all, are students even exposed to vocational training. *The Case Against Education*, is an incredibly well reasoned and well researched work. It is unlikely that many readers could bring themselves to accept all of the book's arguments in their entirety, even more unlikely that anyone who reads it with an open mind will come away with the same view of our economy.