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What students know that experts don't:

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By **BRYAN CAPLAN**

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The campus of Princeton University in Princeton, N.J. on Feb. 9. (Dreamstime / TNS)

Parents, teachers, politicians and researchers tirelessly warn today's youths about the unforgiving job market that awaits them. If they want to succeed in

tomorrow's economy, they can't just coast through school. They have to soak up precious knowledge like a sponge. But even as adulthood approaches, students

rarely heed this advice. Most treat high school and college like a game, not an opportunity to build lifelong skills.

Is it possible that students are on to something? There is a massive gap between school and work, between learning and earning. While the labor market rewards good grades and fancy degrees, most of the subjects schools require simply aren't relevant on the job. Literacy and numeracy are vital, but few of us use history, poetry, higher mathematics or foreign languages after graduation. The main reason firms reward education is because it certifies (or "signals") brains, work ethic and conformity.

It's therefore sensible, if unseemly, for students to focus more on going through the motions than acquiring knowledge.

Almost everyone pays lip service to the glories of education, but actions speak louder than words. Ponder this: If a student wants to study at Princeton, he doesn't really need to apply or pay tuition. He can simply show up and start taking classes. As a professor, I assure you that we make near-zero effort to stop unofficial education; indeed, the rare, earnestly curious student touches our hearts. At the end of four years at Princeton, though, the guerrilla student would lack one precious thing: a diploma. The fact that almost no one tries this route — saving hundreds of thousands of dollars along the way — is a strong sign that students understand the value of certification over actual learning.

You can see the same priorities when students pick their classes. Students notoriously seek out "easy A's" — professors who give high grades in exchange for little work. On the popular Rate My Professor website, students evaluate classes' "easiness" but not "usefulness" or "relevance." And when professors cancel lectures, students don't demand a refund, they celebrate. Because future employers don't monitor faculty attendance, every canceled lecture is a chance to party in the present without hurting job prospects in the future.

Academics and administrators also sense the importance of signaling, even if they won't admit it. Why else would they bother to combat cheating? If school were merely a place for students to invest in their skills, cheaters would literally "only be cheating themselves," spending time and tuition for naught. If, however, school is primarily a place to convince firms you're worthy of employment, cheating has a slew of victims. The cheater who successfully

impersonates a good student doesn't just rip off whoever hires him. He also taints the prospects of all his peers who toiled for their degrees.

Researchers consistently find that most of education's payoff comes from *graduation*, from crossing the academic finish line. The last year of high school is worth more than the first three; the last year of college is worth more than double the first three. This is hard to explain if employers are paying for acquired skills; do schools really wait until senior year to impart useful training? Or consider how differently employers treat failing a class versus forgetting one. If you flunk a class, plenty of employers will trash your application. But if you pass that same class, then forget everything you learned, employers will shrug.

One of the most glaring perversities of the modern labor market is credential inflation.

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These behaviors make perfect sense if — and only if — employers are eager to detect workers who dutifully conform to social expectations. In a society where parents, teachers and peers glorify graduation, failing classes and dropping out are deviant acts.

One of the most glaring perversities of the modern labor market is credential inflation. While the education workers need to *do* a job is quite stable, the education they need to *get* a job has skyrocketed since the 1940s. Sure, the average job is more intellectually demanding than it once was, but researchers find that only explains 20% of the workforce's rising education. What explains the remaining 80%? Employers' expectations have risen across the board. Waiter, bartender, cashier, security guard: These are now common jobs for those with bachelor's degrees.

Despite all these tell-tale signs of signaling, many of my fellow researchers refuse to take the idea seriously. Sure, signaling seems to fit our firsthand experience. Yet why would profit-seeking employers base their decisions on mere credentials instead of potential to perform well on the job?

To start, employers can't readily judge your job performance until they actually hire you — and they can only hire a tiny fraction of their applicants. If they ignore less-credentialed prospects, they may lose a few good workers but they save tons of precious time.

And once they hire, it usually makes sense to stand pat. Suppose a well-credentialed worker turns out to be mildly disappointing. Summarily firing him would be bad business, because replacement takes time, and time is money. A subpar worker may therefore profit from his credentials for years. Indeed, because few firms are run by unfeeling robots, even incompetent workers often enjoy handsome educational payoffs because their employers are too squeamish to dismiss them.

Education is a weird industry. You study arcane subjects year after year, knowing you'll never use most of what you learned after graduation. Yet parents, teachers, politicians and researchers urge you to finish, promising ample career rewards for your efforts. Despite the many college graduates who end up working as waiters, the experts are, on average, right: Diplomas pay well. What experts misunderstand is why. Instead of scrutinizing what schools really teach, they rush to a just-so story in which schools transform low-skilled students into high-skilled graduates. Students, much closer to the action, see what's going on: As long as they have good grades and finish their degrees, employers care little about what they've learned.

Does it matter why education pays? At the individual level, barely. Excel in school, impress employers, profit; the recipe works. Socially speaking, though, the why is all-important. If, as experts preach, students are building a stockpile of precious skills, taxpayers are getting a solid return on their money. But if students' firsthand experience tells the real story, taxpayers are mostly fueling a futile arms race. Generous government support has caused massive credential inflation. Educational austerity is the simplest path back to an economy in which serious on-the-job learning starts during high school — not after college.

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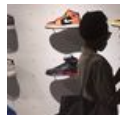
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