

## There's More to Education Than Equality of Opportunity

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Randall Curren's paper is based on a central assumption: that providing equality of opportunity is the main, if not the only, purpose of education. Otherwise he would at least mention other, competing or balancing, purposes in order to assess the validity of his proposed solution (refashioning American education after the German system). The same assumption leads him to paint the constant inflation of educational credentials as a pointless game, a hidden tax, or as he puts it the "lengthening of the educational funnel." On his view, widening access to college does not lead to equal opportunities, in his view, and that is all that matters. Curren ignores the benefits of the massification of education.

Considerable empirical evidence suggests that, despite massification, there remains a significant premium on all levels of education.<sup>1</sup> The size of the premium varies, but it works everywhere: in the US where the cost of higher education is very high; in Northern Europe where it is very low; in Russia, Canada and Israel, where higher education attainment levels are the highest in the world; and in China and India that experience the dramatic growth in their student population. The validity of the famous Mincerian equation<sup>2</sup> - that more years of formal schooling means higher life-time earnings - has been proven over many decades.

One of the major critiques of the human capital theory is the "screening theory," which maintains that schooling is just an expensive screening mechanism that sorts students. A sophisticated analysis of empirical evidence<sup>3</sup> demonstrates that this is not true, and formal education does add to overall productivity. Schooling may have a screening component, but it also creates value for the society as well as for each individual student. Some may argue that the way Mincer calculates the return on investment in education may be flawed, and the rates are smaller and in some cases even negative. But this possibility does not deny the extensive public benefit of ever expanding higher education.

So, it is quite plausible that, if the general level of skills in the population rises, the "lengthening of the funnel" is good and that the resulting economic growth makes everyone, including the lower classes, better off. We also need to consider that the contemporary economy is not production-driven, but it is also very significantly consumption-driven. To sustain acceptable levels of sophisticated consumption we need educated consumers.

Consider inflation. High inflation is considered to be bad for the economy, because it requires extraordinary earnings from companies seeking investment. Double-digit inflation deters investors. However, the absence of inflation or deflation is also bad for the economy, because it lowers profits and creates disincentives to invest. Something like this, I argue, works in the market for educational credentials. If the total percentage of similarly credentialed individuals stayed the same, workers

would not feel pressure to obtain more schooling, because there would be little threat from more qualified competitors for their job. It is true that if the level of educational credentials obtained expands too fast, the diploma's signaling function loses its value completely, quality of higher education declines, and everyone loses. But low-level inflation of academic credentials is actually a rather good thing.

The second main point in Curren's paper is the critique of what he calls the "integrated hierarchical system," that is, the expectation that everyone will go to college. The first objection is that this may not be true factually. In the US, more students are enrolled in community colleges than in public four-year colleges.<sup>4</sup> Most states also have publicly supported technical high schools, not that dissimilar from their German cousins. In 2005, 90% of American high schoolers took at least one vocational class.<sup>5</sup> Those may be on a smaller scale than in Germany, but that may have more to do with the structural differences between the two economies and their labor demands, than with improperly constructed educational systems. It is not clear how American education is more hierarchical than the German one. It seems that this claim is based only on vaguely defined expectations that everyone does go to college. But neither examples, nor sources, nor estimates of actual impact of such expectations, are offered. In U.S. Federal Government policy documents, the term "college" includes community colleges.

What the German system does have is early tracking, whereas Americans use late tracking. Both approaches have costs and benefits. For example, as Curren points out, the high drop-out rate in American universities, combined with high tuition fees, means that many young people begin their adult lives with debt and without a diploma. Yet the Bureau of Labor statistics shows that even incomplete university training leads to higher earnings if compared to high school completion only. Yet the German system has its costs, too: both economic (the cost of professional training for people who later switch to university track), and personal (choices made too early).

Curren points out that any professional experience may also enhance the ability of an individual to choose. We all tend to view these experiences nostalgically, fantasizing that they have built our character and helped to make us the wise people we are. However, it would be a stretch to demand that significant public funds were dedicated to teaching trades that students will never pursue or skills they may never use, just to provide them with fond memories. That seems to be the realm of expenditure that parents, churches, and civic organizations should provide, not the public. At any rate, a year in college costs not much more than training someone to be an electrician, but is a lot more fun.

We live in the age of the mass extinction of professions. Never before has the labor market been less predictable than it is now. We do not know when exactly truck and taxi drivers will lose their jobs to driverless cars, but we know they will. We may face the advent of a jobless society, where most people will not work for wages. But regardless of whether this will happen within the visible historical horizon, there is little doubt that we do not yet know what skills the future economy will require. In a situation of unpredictability, the rational choice is to educate as many people as possible as broadly as possible, in the old tradition of liberal arts. Such people

could re-train for whatever jobs may become available. They can learn also to seek for themselves meaning in existence in the absence of paid work. It may be the most important skill an education can provide, and it is better done within the context of a university than a trade school.

We often assume that education exacerbates inequality. However, strictly speaking, we do not know if this is the case. It is impossible to run a large-scale randomized controlled experiment to prove that it does. Any other causal design studies are impractical. And the difficulties are not just logistical, political, or ethical. In the relationship between education and life outcomes, we have to deal with what Albert Bandura aptly called “reciprocal determinism:”<sup>6</sup> when factors mutually enforce or weaken each other, but it is impossible to say which one is the cause and which the effect. Causality simply does not work to explain much of the social world, despite what our more empirical friends may think. I very much support Curren’s critique of the functionalist approach. Indeed, education is no more secondary to the economy than the economy to education. He is right that change can start anywhere in the social system.

But, how will altering the structure of educational system change the nature of work? If we channel more students into a particular trade, instead of channeling them into a Bachelor’s degree, what will actually happen? It is more likely that technology will wreak havoc on the labor market, but people’s aspirations will remain stubbornly the same. They will want their children to go to college. That desire, and not any kind of policy, drives the strong demand for higher education. Will inequality increase? Yes, because there will be a wide gap in the standard of living between the employed and the unemployed. But we will learn to live without waged work, with dignity and meaning. Education ought to prepare us in how to do that.

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2. Jacob Mincer, “Investment in Human Capital and Personal Income Distribution,” *Journal of Political Economy* 66, no. 4 (1958): 281–302; doi:10.1086/258055.

3. D.R. Winkler, “Screening Models and Education,” *Economics of Education: Research and Studies*, ed. G. Psacharopoulos (Oxford: Pergamon Press, 1987), 287-290.

4. National Center for Educational Statistics, “Digest of Educational Statistics 2014,” [https://nces.ed.gov/programs/digest/d14/tables/dt14\\_308.10.asp?current=yes](https://nces.ed.gov/programs/digest/d14/tables/dt14_308.10.asp?current=yes).

5. National Center for Educational Statistics, “Career and Technical Education in the United States: 1990 to 2005,” <http://nces.ed.gov/pubs2008/2008035.pdf>.

6. Albert Bandura, *Social Foundations of Thought and Action: A Social Cognitive Theory* (Englewood Cliffs, N.J.: Prentice-Hall, 1986).