

# The Main Purpose of Schooling

## *Gaining knowledge or earning credentials?*

**The Case against Education:  
Why the Education System  
Is a Waste of Time and Money**  
by Bryan Caplan

Princeton University Press, 2018, \$29.95;  
416 pages.

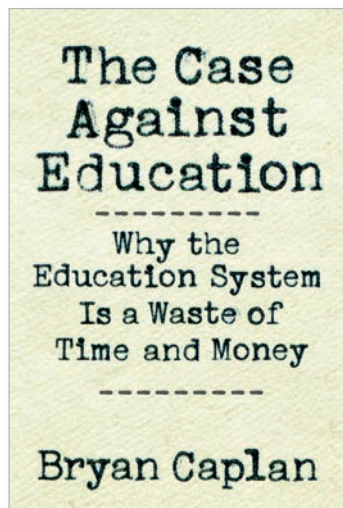
As reviewed by Michael McPherson

Beyond what education contributes to one's knowledge and skills, it also provides credentials that attest to that experience, signaling to potential employers that a job candidate might possess certain qualities they seek. Unlike most of us, author Bryan Caplan sees the latter function as education's primary role.

Apparently, Caplan also believes that a great many people, including a large share of economists, are unaware of this certifying role of education. Such benighted individuals, in his view, see education's sole purpose as increasing human skills (which Caplan tends to define narrowly as specific job-related skills). They are what he calls "human capital purists," who regard schools as being single-mindedly devoted to skill development, and who believe that labor markets will readily identify the level of performance to be expected from any job candidate. From this perspective, auditing the courses that make up a university degree program would serve you as well as actually getting the degree.

Though I know quite a few economists, I have never, to my knowledge, met one I would consider a "human capital purist." If I ever do, I will now know what book to buy him or her for Christmas.

Caplan, an economics professor at George Mason University, sets out to show that at least 30 percent of education's function is this signaling and sorting, although he personally thinks it makes up at least 80 percent. I, and most economists I know, would probably



put that number at about 20 to 25 percent (while also wondering precisely what this metric captures), with most of education's purpose being human capital building. Does this long and often tedious book aim merely to increase the weight readers put on signaling by a few percentage points? No. Later in the book, the author slides away from the 30 percent claim, saying, "Since education is mostly signaling, . . ." That is a much stronger and less credible claim.

Much of the book is devoted to showing the many ways, whether obvious or subtle, that educational signaling matters. Caplan emphasizes how difficult it is to get reliable information about what prospective workers know and are willing and able to do, and he reminds us that students have reason to exaggerate their talents. The arguments here are often clever and instructive; it's regrettable that so much of the presentation is organized around arguing with the nonexistent human capital purist.

Caplan's main policy conclusion is that most education beyond the mastery of basic literacy and arithmetic is a waste of time and money, and therefore governments should sharply cut back on subsidies for education and actively discourage its

pursuit. He bases this conclusion on two claims—first, that most education is pure sorting and produces little valuable learning. This is a judgment he clearly believes but is unwilling to formally defend. His second claim is that even investing in education for its sorting-and-signaling value is wasteful, because it goes too far. In his view, all the useful sorting could be done by, say, the end of high school; everything beyond that is an expensive scramble for relative advantage. This is a puzzling claim, because it is not clear why employers would pay more for college-educated employees when they could more cheaply hire high school graduates, evaluating them on their academic records.

Whatever the merit of these two claims, they do have a testable implication: namely, that investing more in general education, at least beyond the three Rs, does not make workers more productive and therefore does not promote economic growth. You cannot test this claim if you focus only on the contemporary American scene, as Caplan mostly does, but you can find much relevant evidence in economic history, both in the United States and globally.

My favorite example is the work of Nobel laureate Theodore Schultz on the evolution of the family farm in the United States. For centuries, the basic technology of farming was fixed, consisting mainly of horses and plows. Farm families had little interest in schooling their children, for young people needed only to watch and copy what their parents did. Going to school was a distraction, not a productive activity, for a future farmer. But as successive technological innovations—the internal combustion engine, electric motors, chemical fertilizer—came on the scene, a curious thing happened: farmers with more education began outperforming those with less. This was not

only a U.S. phenomenon. Schultz and his students showed that educated French Huguenots outperformed local farmers in Latin America, and educated European immigrants to Israel outperformed those from Ethiopia.

Why? It certainly wasn't because the wheat was keeping tabs on the farmers' educational credentials. Moreover, Schultz found that the effect of education on farmers' productive activity did not depend on whether their education was related to farming. Rather, Schultz argued, the availability of new technology was disruptive to traditional practice, and those who had more education were better able to adjust to change and handle uncertainty. Schooling had endowed people with what Schultz called "the ability to deal with disequilibria."

In their book *The Race between Education and Technology*, Claudia Goldin and Lawrence Katz broadened Schultz's point by showing that, in the

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United States, periods of rapid expansion in education correspond to periods of lessening inequality and increasing economic productivity (see "The Education Factor," *books*, Spring 2009). When growth in educational attainment began to slow in the 1970s, inequality rose and economic growth slowed. Their analysis is consistent with evidence developed by a number of other economists who have shown that growth in educational attainment accounts for a significant part of the rise in economic productivity in the 20th

century. Furthermore, analysts generally credit ambitious investments in both basic education and higher education in the so-called Asian Tiger nations (South Korea, Hong Kong, Taiwan, and Singapore) as major contributors to the rapid growth of these economies from the 1970s to the 1990s. In all these cases, investments in education have been productive for the economy as a whole and not just for helping some people get ahead of others. Sure sounds like human capital to me.

Caplan has the makings of a valuable book here, as it highlights the significant and sometimes surprising role that educational signaling plays in our economy and society. It is unfortunate that the author is so powerfully attracted by the impulse toward maximum outrage that he winds up spending too much time way out over his skis.

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**SCALIA'S CONSTITUTION**

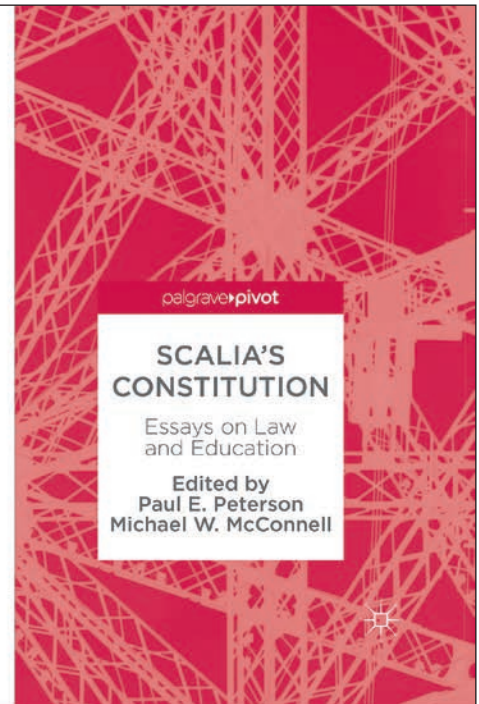
*Essays on Law and Education*

Editors: Paul E. Peterson and Michael W. McConnell  
September 2017

"Scalia's Constitution: Essays on Law and Education provides a valuable examination of the remarkable Justice's jurisprudence. The educational system of the United States, although not mentioned in the Constitution, has provoked some of the most contentious legal conflicts ever argued before the Supreme Court. The essays in this book, from a variety of perspectives, give an insightful review of Scalia's judicial doctrines and teachings that relate to this subject."

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