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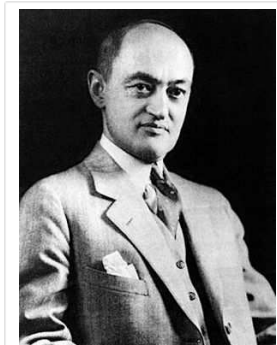
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Gales Of Creative Instruction

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Two-hundred thirty-five years ago Adam Smith reflected on the very dissatisfactory years he had spent as a student at Oxford University. He concluded that the poor quality of instruction was a natural consequence of a change in the school's business model.

Old Oxford was a marketplace. Students paid tutorial fees directly to teachers. The teacher was the provider, the student was the customer and the college was merely the exchange, a kind of medieval Nasdaq for pure intellectual capital.



Economist Joseph Schumpeter
Image via Wikipedia

Some such as the influential Francis Bacon (in a rare misstep) argued that the system engendered too much loyalty between student and teacher, which led to excessive intellectual fragmentation. For this, and no doubt other less noble reasons, the model was eventually abandoned and Oxford became a centralized cooperative bureaucracy, the prototype of the modern university. Smith said that this greatly diminished the quality of instruction:

In some universities the salary makes but a part, and frequently but a small part of the emoluments of the teacher, of which the greater part arises from the honoraries or fees of his pupils. The necessity of application, though always more or less

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diminished, is not in this case entirely taken away. ...

In other universities the teacher is prohibited from receiving any honorary or fee from his pupils, and his salary [from the university] constitutes the whole of the revenue which he derives from his office. His interest is, in this case, set as directly in opposition to his duty as it is possible to set it ... if he is subject to some authority which will not suffer him to [neglect his duty entirely, he will] perform it in as careless and slovenly a manner as that authority will permit. ...

If the authority to which he is subject resides in the body corporate, the college, or university, of which he himself is a member ... they are likely to make a common cause, to be overindulgent to one another, and every man to consent that his neighbor may neglect his duty, provided he himself is allowed to neglect his own. In the University of Oxford, the greater part of the public professors have, for these many years, given up altogether even the pretence of teaching.

No doubt Smith as a young student would have been much happier studying under professors whose teaching was so compelling that it led to excessively zealous student devotion instead of what he actually got, professors who had given up altogether the pretense of teaching. Wouldn't many parents prefer a little ideological diversity to the mindless hive of PC leftism which dominates the modern university?

The answer is not in quixotic quests for self-reform. No bureaucracy as sclerotic as the higher education industrial complex will change on its own. Change comes in the form of what the great Austrian Joseph Schumpeter called "gales of creative destruction." Schumpeter argued that entrepreneurial capitalism "incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in. ..."

Something better always comes along and destroys what came before. In this case the combination of the microchip and widely available bandwidth are destroying the current education model. Great financial entrepreneur Sir John Templeton, founder of the Templeton family of mutual funds, saw this coming. He wrote a memo in 1995, shortly before his death, in which he predicted not only the housing bubble and collapse, but an educational collapse as well:

Most of the methods of universities and other schools which require residence have become hopelessly obsolete. Probably over half of the universities in the world will disappear quickly over the next thirty years.

Obsolescence is likely to have a devastating effect in a wide variety of human activities, especially in those where advancement is hindered by labor unions or other bureaucracies or by government regulations.

Templeton saw two forces destroying the university system: increasingly competitive markets, and computer technology. The electron cloud is already taking us from new Oxford back to old Oxford. After all, how can the old inconvenient and expensive system survive the onslaught of free?

I can move to England, pay the non-subsidized foreigner tuition rates, rise early, go to class and take my chances on an Oxford professor. Or I

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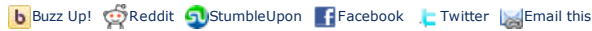
can sit in my pajamas and have an [Oxford prof of my choice teach me about critical thinking](#) or [the literary legacy of J.R.R. Tolkien](#). I can avoid the same old green gunk or socialist screeds.

Want to learn more about the Austrian School of Economics from which Dr. Schumpeter derived his doctrine of creative destruction? [Here's a free course](#). Want to read Adam Smith's comments about education and virtually every other topic under the sun, here's a [free searchable e-book](#), and here's a [free version for your Kindle](#). Feel you need some help understanding Smith? Here's a podcast course from [George Mason University's econ talk](#).

Looking for a Schumpeterian take on current economic events? Try [Intelligent Investing With Steve Forbes](#). If you like your free market economic commentary in daily doses, I find the Cato Institute's daily podcast quite refreshing. For a little more depth, here's their weekly video.

The Think Tank world of free education is a separate topic that deserves a separate column in and of itself, but suffice it to say that you and your iPod (or desktop) can listen to the smartest people in the world give interesting lectures on the most important topics for free, or you can pay lots of money to hear an inarticulate and resentful grad student ladle out early 1960s French intellectual fads in one of collegedom's cavernous freshman lecture halls at a time of his, not your, convenience.

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