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THE RIGHT TAKE ON HIGHER ED

Tuesday, July 21, 2009

Carey Continues Jousting with Libertarians [George Leef]

Continuing an argument he began last week, Kevin Carey responds [here](#) to criticisms that Neal McCluskey, Jane Shaw, and I made of his contention that libertarians are trapped between two things we don't like — ever-increasing higher-ed costs and federal regulation. I called this a false dilemma and don't see that Carey has proven otherwise; doing so would entail a demonstration not only that federal regulation will work to keep colleges and universities from continuing the upward spending spiral, but that it's the only thing that will do so.

What we libertarians are saying is that the spending spiral is mainly fueled by governmental subsidies — an argument made in Andrew Gillen's recent CCAP [paper](#). Unless we reduce or shut off the flow of state and federal money, we'll never get spending discipline of the kind you see at the few schools that don't take government aid, such as Hillsdale College and Grove City College. In my view, it's unrealistic to think that we'll get higher-ed officials to spend less or spend more sensibly just because the federal government demands more paperwork from them. That won't change their incentives at all. For that, you need competition.

While I don't have evidence to back this claim up, I strongly suspect that the financial crunch now hitting many colleges and universities, private and even public, will do more to instill spending discipline than any number of disclosure mandates. Last year I [wrote](#) about one private school, Lindenwood University, that many years ago found itself on the brink of extinction and fortunately had a leader who saw that the way to survival was to cut costs and offer students more educational value for the dollar.

Carey also takes issue with my statement (not essential to my argument) that we have wildly excessive demand for college credentials. He says that employers presumably have good reasons for wanting college grads and paying them a premium. First of all, although I didn't make it clear, I had in mind the demand from students, large numbers of whom now obtain their degrees — often a matter of just accumulating credits without really learning much — and then go into the labor market and find that there aren't nearly enough jobs that really call for any academic training. I've often made that point, for instance, [here](#).

As for employers, I doubt that it's true that they often pay extra for people with college degrees. Do college-degreed bartenders or bank tellers get paid more than their

non-degree co-workers? That would not only be stupid business, but probably illegal. Or do degree-owning rental-car workers at Enterprise earn any more than the similar workers at rental-car companies that don't screen out people with only high-school diplomas? I suspect there is little if any difference, certainly not enough to amount to much return on the costly investment in sheepskin. Employers pay for work, not for credentials. Of course, on average, people with college degrees earn more than do people without them, but that doesn't lead to the conclusion that having a degree necessarily means you'll earn some pay premium.

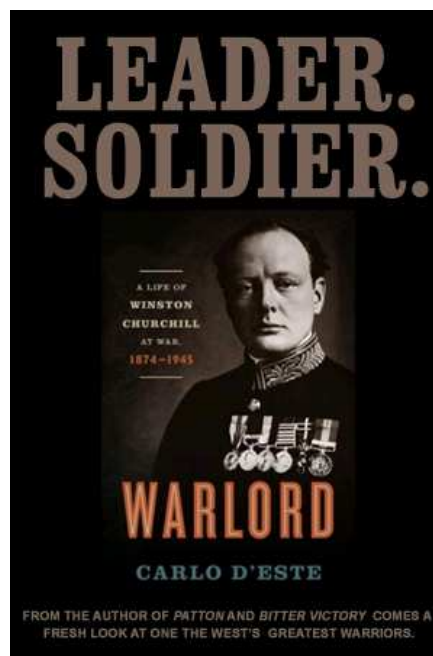
Lastly, I don't understand why Carey thinks he's landed a big punch by pointing out that I'm not as optimistic as is Prof. Robert Martin in his recent [paper](#) that more mandated disclosure would help restrain the spending spiral. If I understand Carey correctly, he regards it as very important (and apparently harmful to my argument on the efficacy of regulation) that I don't fully agree with Martin's conclusion. I'm not disavowing the paper, which I discussed favorably [here](#), but simply saying that I have a somewhat different view than the author on how best to solve the revenue-to-cost spiral.

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