

America is Eating Its Lead

Reaganite Myopia and the Quality of Education

by

Hyman P. Minsky

Reaganomics is myopic; it is shortsighted. This is shown by the lack of concern about the exploding national debt. Every dollar of deficit raises the taxes that are required to support any given program of civilian and defense spending. But the deficit and the budget are not the only and perhaps not the most important example of Reaganite myopia. There is a crisis in the creation of human resources for the future of our society that this and prior administrations have not faced. This crisis is more threatening than the budget and debt crisis because it may not be as readily reversible.

Reaganomics is bad economics. Its practitioners and publicists do not understand the full richness of economic theory. They take one proposition from theory -- that free markets can be an effective instrument for achieving cooperation and coordination -- and apply it to all phenomena. They either do not know or if they know they find it politic to ignore the demonstrated weakness of markets as the coordination and control mechanism for the creation of resources. An investing economy is much more complex than a system in which only trading takes place.

Every society uses resources and creates resources. Perhaps the most important thing going on now is the creation of resources that will be available for use in the future -- even the quite distant future. Physical resources -- factories, farms, power plants, etc. -- are important, but the overridingly important resources of an economy are its people. Births, bringing up children and education are the ways we create human resources.

Saying that people are of the greatest importance in determining how well

an economy works sounds like pap; standing by itself the statement is unsuitable for the minds of adults. However, once the proposition is added that the quality of a population is produced by society mainly through its educational system then the statement becomes serious and worthy of adults. The deteriorated quality available in public education and the financial barriers to entry and participation in quality higher education are having adverse effects on who has children and nature of the human resources being produced.

In the spring, during the high school graduation season, both the New York Times and network news shows carried stories about the graduation at Boston's Latin School. This public high school educates youngsters to be serious about intellectual matters. It prepares students to perform at a high level in intellectually competitive environments. It tends to bring out the best in its students.

In St. Louis, the only approximation to the quality of education and to the intellectual climate of a Boston Latin, a Bronx High School of Science or a Providence Classical is to be found in some of the private schools and perhaps a few of the suburban districts. I venture to suggest that even the best of these schools falls short of the standards of the elite public schools I mentioned.

Every thoughtful citizen should be concerned about why such quality education is not available to all who are willing to work to prepare and to perform once admitted. Within each public secondary school system there should be a school or part of a school that prepares the most ambitious and the hardest working for the finest higher education available in the country. It is hard to be first rate even if you try, it is impossible to be first rate

if it is your ambition to get along. The ambition of public secondary education is too often to get along.

Obviously a school or sections in schools that aim to prepare students for the elite universities is elitist. We should not be afraid of being elitist, as long as the opportunity to join the elite is open. The junior college system we now have throughout our country provides a way into intellectual life for those who entered adulthood without superior educational preparation. We need a public track which provides the education that leads to the very best higher schools. It is a national disgrace that elite public high schools are not spread throughout the country.

However, the deficiencies of the public secondary school system is not the entire story of educational deprivation. It now costs approximately \$15,000 a year for room, board and tuition at the better private colleges and universities. Given the facts of income distribution, this cost of higher education is a powerful barrier to opportunity. This cost, together with the shortcoming of public secondary schools, feeds back upon and affects who has children.

Not all potential parents are equally concerned with how their children will be raised, the education they will receive, and the life the children will live as adults. Not all potential parents are equally willing to pay the price of first preparing their children for a fine university and then to meet the monetary costs at such a school. We live in an environment in which potential parents can control the number of children they have. The high cost of fine education feeds back upon and decreases the number of children those who are ambitious for their children have. Those who either don't think or don't care will not be so constrained.

Between the weakness of our secondary schools and the high cost of serious education, the intellectual quality of our human resources is sure to deteriorate. But it is the highly educated and intellectually motivated that provides the resources that make an economy dynamic.

Someday, in the not too distant future, the economy will go through another serious recession. At that time, the hollowness of the Reagan society will be evident. Hopefully, at that time, a program of democratic reconstruction will be on the agenda. Two items need to be included. One is the building throughout the country of elite secondary schools, both "classical" and "scientific." The second is a program to lower the barrier to first rate college and university education that exists because of its costs.

After World War II, the transition from a wartime to a civilian economy was very smooth. One program that helped make this transition smooth was the G.I. "Bill of Rights" which included massive educational benefits for veterans. Fundamentally, the G.I. Bill removed all financial barriers to higher education. The problem was getting admitted, not paying for education. Furthermore because of the pressure due to patriotism the exclusionary policies of many of our traditional and best schools were abandoned.

The result was a quantum increase in the number and quality of educated adults. The human resources that were fed into the economy as a result of the G.I. Bill were far better than what we had in prior times. The great success of the American economy in 1946 - 1966 can be laid in good part to the supply effects of the G.I. Bill. What we need is a non-war time equivalent of the G.I. Bill.

Republicans now talk about an opportunity society. They cannot be serious about this for nowhere do they propose lowering the barriers to entry

to the best in secondary and higher education. We know there is no such thing as a free lunch. We also know that quality costs. An effort to achieve equal educational opportunity will be expensive.

A rich society which does not invest in human resources -- especially in its youth -- is not reproducing that which enables it to be rich. Penny pinching on educational quality and on educational opportunity is the equivalent of eating seed corn. But such deterioration is an implication of our myopic national policy towards education.