

of the market structure. A tax of any sort levied on incomes would tend to increase the cost of production of those commodities involving a large amount of labor to produce more than those requiring comparatively little labor. Even a straight-across-the-board sales tax on the retail price of an article would not be "neutral," for it would tend to raise the price to the consumer of some commodities more than others. For instance, those with high distribution costs would be increased out of proportion to those easier to transport and sell.

WHAT I HAVE been trying to say, in answer to your question, is that all sectors of the economy are so interlocked that the cost of any tax is shifted by the market until, in the last analysis, it is paid for in reduced production. Although we can know in a general sort of way the immediate effect a new tax will have on the economy, it is impossible to trace its ultimate repercussions.

BETTINA BIEN

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What Is A Teacher Worth?

Dear Professor W:

"Is the teaching profession generally, whether in school or college or university, worth no more in dollars and cents to the community at large than it is now paid?"

That your question was stimulated by the "Bargaining" pamphlet is understandable. I was trying, in that study, to show how the process of competitive bargaining between a buyer and a seller leads toward exchange which is mutually satisfying. No attempt was made to appraise the worth of any service to the community at large. However, it seems most proper to ask if the theories offered in the pamphlet are applicable to the relationship between education and the general welfare. How does one apply the concepts of competitive bargaining to education which is so commonly presumed to be a matter of public responsibility?

AS A NOVICE presuming to appraise the worth of your profession to the community at large, I seek your help and tolerance. First, I will try to explain what I mean by "competitive bargaining," or the market method of price determination, since that is the method I would use to measure the value of a teacher's services.

From 1941 to 1945 I was an economist in the Agricultural Chemicals Section of the Office of Price Administration. Among my duties was the task of determining what the newly developed insecticide, DDT, was worth in dollars and cents to the community at large. Price control presumes many

things; but as I now see it, the most important presumption is that the market or subjective theory of value is unworkable — that there is a better method of determining price than through bargaining between willing buyers and willing sellers. Congress had, in effect, outlawed the market method of price determination. In the case of DDT pricing, we tried to substitute a “cost-plus” formula which is a variation of the labor theory of value. According to that theory, the value of a product depends upon how much time and effort the producer puts into it. What could be more reasonable — from a price fixer’s point of view?

At the time, I didn’t see anything wrong with that pricing formula. Of course, there wasn’t enough DDT to begin to satisfy the demand at the official maximum price. But I then believed that it was the responsibility of the War Production Board, or some other agency, to allocate the available supply.

I have since learned that there is no substitute for the market method of finding the proper price for anything. The market price serves as an adjuster to bring supply and demand toward a balance, encouraging production or encouraging consumption, whichever is necessary. Occasionally, quite by accident, some other pricing formula such as the “cost-plus” device

may result in a price which is the same as the free market price might have been, in which case there would be neither burdensome surplus nor shortage of the goods or services so priced. But what is the sense of a system which cannot work except by accident?

I hope the foregoing illustration, drawn from my own experience at price control, helps to bring out the vital distinction between the market theory and the labor theory of value. If so, let us examine your question in terms of the market method of price determination: “Is the teaching profession generally . . . worth no more in dollars and cents to the community at large than it is now paid?”

When you speak of “the teaching profession generally,” I presume that you include teachers in private schools as well as those in government schools. It might be said that the teachers of either category are offering an educational service to the community at large. I believe we might agree as to how simply the market method of price determination works in evaluating the private educational services. But can the value of government education be similarly measured?

THE REAL question we are examining seems to be the rather old one of whether or not we ought to have compulsory government edu-

cation in America. Should American citizens, for the good of the community at large, be taxed to buy more education than they might buy voluntarily? As you well know, an overwhelming majority of Americans—one might say the community at large—would answer “yes.” Rarely does one find a parent, whatever the level of the family income, who would willfully neglect the education of his own child. But perhaps even rarer is the individual who can conceive the possibility of getting along in America without “free” government schooling for the children of “some parents.” As far as the community at large is concerned, the subject seems to be closed; government schooling is deemed an indispensable and unquestionable fact.

If a person cannot harbor a reasonable doubt as to the desirability of government education, then he is bound to answer “yes” to your question, insofar as it relates to the teachers in government schools. He must believe that such teaching profession is worth more than it is now paid. Otherwise, how could he urge the compulsion of taxation for educational purposes, thus giving government education priority over everything that he as an individual possibly could or would do voluntarily? Surely, no such high rating would be given to a service deemed to be worth less or worth no more

than it costs. I question that any one of us would want the government to perform a service which he thought he could provide more efficiently on his own account or with strictly voluntary cooperation from others.

Only a person who questions the advisability of government control of education could seriously pose your question. Unless one believes in price determination through competitive bargaining between willing buyers and willing sellers, there is no possible way for him to test whether a service is worth more than is currently paid for it. At least it does not satisfy me to take the price fixer’s word for it, for I know how wrong the very best of price controllers can be.

Let me hasten to cover our position from snipers who might charge that anyone who questions the desirability of government education therefore must be opposed to education. I agree with you that education is highly important. If you thought it less important than other goods and services, I doubt that you would remain in your present work, nor would I. It undoubtedly is true that you could obtain higher monetary compensation at some other job, but I presume there are other considerations and satisfactions which urge you not to move. I do not know your reasons, and perhaps you could not clearly

express them yourself, but that surely does not deny their reality.

DOES THE FACT that you and I think education is more important than other kinds of productive effort necessarily mean that the best way to increase the supply of education is to force others to buy more of it than they might do voluntarily? You will recognize that I do not believe so. I have a great deal of faith that the market method of price determination will bring forth the optimum supply of any commodity or service. No matter how it is determined, any price other than the free market price is bound to result either in an unmarketable surplus of the item or in an unsatisfied demand for it. I do not choose to thus trifle with the performance of the important service of education. Let it be at the optimum.

Food is important, too — so important that I believe we do ourselves a great injustice by subsidizing food producers and thus hopelessly hitching the future supplies of food to the whims of a food administrator in Washington. Only by accident will it be possible for him to bring the supply of food toward a balance with the amount of food people are willing to buy; for he is trying to fix the price, thus precluding the possibility of a market price with flexibility

enough to do its job from day to day. With food, as with education, I would trust the free market to provide the optimum of whatever is most wanted by the individual constituents of the community at large.

Electric power is important to the people of the Tennessee Valley. But when we subsidize its production as we are now doing, we are saying in effect that this is more important than anything which people would buy voluntarily — more important even than uncoerced expenditure for education. Again, I think this is a mistake; and I even question whether the people of TVA country are better off by reason of this governmental intervention presumed to be in their interest. At least I don't want my life and livelihood depending upon the continuance of a governmental appropriation. I want more security than the foibles and fancies of political power-seekers can offer. Also, I want more real education than the compulsory method can yield.

THEN WHAT is the answer to your question: "Is the teaching profession generally worth no more in dollars and cents to the community at large than it is now paid?" I cannot answer for the community at large. But I feel that at least someone in the community must be

paying more for the tax-supported part of education than he thinks that kind of education is worth. To be sure, he is a minority, perhaps a minority of one within the entire community. But unless he exists, what possible reason could there be for the compulsory aspect, the taxation method of education?

I SUSPECT that many excellent teachers within the government school system are now being paid far less than their services could command if the market were allowed to function. But they too are a part of the minority, victims of a system acceptable to the community at large. The "community at large" idea is not compatible with the market theory of value which rests upon respect for the individual's own judgment as to what is most useful to him.

There probably is a relation between the size of the school system and the consideration which is given to teachers of outstanding ability. Though it need not be the case, I believe there is the tendency for regimentation and classification to increase with the size of the organization — a tendency to advance teachers according to seniority rights or some other rule-of-thumb formula, which cannot give adequate consideration to individual merit and still remain *the* formula. I do not mean to imply that

private school systems are free of this tendency toward regimentation as size increases. But in private schools, at least, such a tendency is not encouraged at public expense.

THERE ARE teachers in government schools as well as in private schools for whose services neither of us would voluntarily offer one red cent. If the teacher is in a private school, our nonsupport there is a means of helping to steer him toward a more useful occupation which we could conscientiously support. No one is obligated to patronize a private school if he does not approve the quality of the teaching service offered. But once a teacher, good or bad, is firmly entrenched in the government school system, the choice of supporting him is no longer ours. We soon find ourselves hiring the bad with the good teachers, precluded by the system itself from offering the outstanding teacher his worth.

YES, good teaching would be worth far more to me than I am now forced to pay for the mediocrity which is inherent under much of the present arrangement. And I find that my friends share this view if they understand it. We do not fear a competitive educational system, teacher competing with teacher to serve those who truly

seek education. Until there be further education to the foregoing point of view, however, we shall keep on paying the present hamstrung teaching profession more than some of us may think its regimented and regimenting services are worth. And that arrangement, sir, is no bargain for the community at large.

I shall be the most surprised person of the day if this discourse has fully answered your question, but deeply disappointed if I have not stirred you to further discussion leading to a way out of the educational bog into which we seem to have collectively stumbled.

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The Law And Education

You say: "There are persons who lack education," and you turn to the law. But the law is not, in itself, a torch of learning which shines its light abroad. The law extends over a society where some persons have knowledge and others do not; where some citizens need to learn, and others can teach. In this matter of education, the law has only two alternatives: It can permit this transaction of teaching-and-learning to operate freely and without the use of force, or it can force human wills in this matter by taking from some of them enough to pay the teachers who are appointed by government to instruct others, without charge. But in this second case, the law commits legal plunder by violating liberty and property. . . .

You say: "Here are persons who are lacking in morality or religion," and you turn to the law. But law is force. And need I point out what a violent and futile effort it is to use force in the matters of morality and religion?

It would seem that socialists, however self-complacent, could not avoid seeing this monstrous legal plunder that results from such systems and such efforts. But what do the socialists do? They cleverly disguise this legal plunder from others — and even from themselves — under the seductive names of fraternity, unity, organization, and association. Because we ask so little from the law — only justice — the socialists thereby assume that we reject fraternity, unity, organization, and association. The socialists brand us with the name individualist.

FREDERIC BASTIAT, "The Law," 1850

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