

Published by

The Foundation for Economic Education
Irvington-on-Hudson, NY 10533
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What Money Can't Buy

Education is very much in the policy air, and virtually everyone says that we must spend more to improve our schools. In fact, the way politicians seek to prove that they are in favor of education is by promising to increase outlays for government schools and education programs.

A little perspective is in order. From the end of World War II until 1965 per student expenditures (adjusted for inflation) doubled. In the next two decades, 1965-1985, real per student outlays doubled again, and from 1985 to 1995 per pupil expenditures increased by 20 percent. In short, over the last half century the price of education nearly quintupled. By any standard, that's a big jump. It is an especially remarkable increase considering the dramatic decline in the price of technologies deployed as educational aids.

If outlays determined educational quality, we would expect students today to be five times smarter than students in 1945, or at least a little bit better informed than students of a generation ago.

However, the results of SAT and other tests demonstrate an almost inverse correlation with spending. For example, when median SAT scores reached their apogee in 1963, per pupil expenditures were about \$2,400. Today expenditures are well over \$6,000 per student, but median SAT scores have fallen about 150 points. Factors like the expansion in the number of students taking the test account for part of the decline, but the results are still dismal. In short, it is time to debunk the claim, once and for all, that achievement and expenditures are correlated. If they were, Iowa, which spends less on education than almost any state in the union, should not routinely score first or second in the nation on the SAT.

Expensive specialized government programs have no greater effect. A 1995 Department of Education report concluded that the gap between "disadvantaged students and others" had not closed despite the expenditure of \$100 billion on Title I programs since 1965. In fact, there is scarcely an initiative one can cite, including Head Start, that demon-

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Bound volumes of *The Freeman* are available from The Foundation for calendar years 1972 to date. *The Freeman* is available in microform from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, MI 48106.

strates spending more money leads inexorably to greater achievement.

This reality is starting to sink in. Gary Burtless, in his study "The Effect of School Resources on Student Achievement," published by the liberal Brookings Institution, concludes that "on balance, the case for additional school resources is far from overwhelming. . . . Increased spending on school inputs without any change in the current arrangements for managing schools offers little promise of improving either student performance or adult earnings."

Thus, reformers genuinely concerned about student performance should look first to the more basic issue as to who runs the

schools. Unfortunately, many supposed reformers are not serious. Rather, *soi-disant* reformers, such as the National Education Association, have a stake in maintaining the status quo and ensuring an infusion of additional money.

The primary hope for the future lies with parents coming to the conclusion that a bigger tax bite does not result in smarter children. When parents refuse to spend more money for poorer performance, genuine reform may finally be possible.

—HERBERT LONDON

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Forty Years Ago in *The Freeman* . . .

Edmund A. Opitz: "There is little in our culture—even in our religion—which serves to bring our minds to bear upon the great human themes. . . . Our minds are preoccupied more with the means of getting a living than with the ends for which life should be lived. Our lives are so fragmentary and full of distractions that we seldom get around to those things for which, in our more thoughtful moments, we feel a need. Yet even the least of us occasionally entertains angels unawares by acts of kindness, by doing more than our duty, by striving for justice, by spreading beauty, and by speaking the truth. Our lives are shot through with eternity, and we live in the midst of things of permanent value which serve to remind us what we really are and to what we are called."

F. A. Harper: "[Government] is constantly insolvent, obligating itself to spend something it does not yet have. It has no earned revenues from prior services rendered and sold in the market at a net gain, as you do when you go shopping with money you earned at yesterday's work. The government, instead, must obtain by force of taxation the revenue with which to pay its bills. . . .

"Tax assessments to pay almost all the costs of government are imposed by force. Payment is obligatory on everyone, whether he wants the 'service' or not—whether he uses it or not. He must accept it from the government source at a dictated price, even though he may know a better and cheaper way of obtaining a service he wants."

—APRIL 1957

The Entrepreneur on the Heroic Journey

by Candace A. Allen and Dwight R. Lee

What do you want to be when you grow up?" was a question that adults regularly posed to all of us when we were young. Generally, even as children, we imagined ourselves becoming like those whose accomplishments we respected or whose qualities we admired. At a time when sports figures, Hollywood personalities, musicians, and even politicians vie for the hearts of the young, why not honor those among us who provide the energy and strength behind the invisible hand of economic progress?

Entrepreneurs are, in fact, heroic figures, and their accomplishments are worth celebrating. All of us are better off because entrepreneurs have been willing to attempt what others "knew" couldn't be done, and then persist in the face of adversity. Their visions extend beyond existing horizons, and eventually expand the realm of the realistic, transforming one generation's dreams into the next generation's necessities.

Who Are Heroes?

Who is a hero? For some, a hero represents a person who embodies such age-old values as honesty, integrity, courage, and bravery. For others, a hero is someone who is steadfast or who sets a good example. To many, being a hero means sacrifice, even of life itself, for

the sake of others. Increasingly, many people find heroic those who simply gain notoriety or attention.

However, Joseph Campbell, an expert on world mythology, would probably find all of these definitions to be incomplete. Campbell contends that every society celebrates heroes, and in doing so, honors the past, energizes the present, and shapes the future. In studying most known cultures, Campbell has discovered that though details of the heroic path change with time, the typical journey of the hero can be traced through three stages. In our view, the entrepreneur travels through all three.

The first stage involves departure from the familiar and comfortable into the unknown, risking failure and loss for some greater purpose or idea. The second stage is encountering hardship and challenge, and mustering the courage and strength necessary to overcome them. The third is the return to the community with something new or better than what was there before. Ultimately, the hero is the representative of the new—the founder of a new age, a new religion, a new city, or a new way of life that makes people and the world better off.

The Modern Entrepreneurial Hero

In our modern world, the wealth creators—the entrepreneurs—actually travel the heroic path and are every bit as bold and daring as

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