

Chapter 17: Education That Educates

"The society which scorns excellence in plumbing as a humble activity and tolerates shoddiness in philosophy because it is an exalted activity will have neither good plumbing nor good philosophy: neither its pipes nor its theories will hold water."

— **John W. Gardner**, *Excellence: Can We Be Equal and Excellent Too?* (1961)

The modern view of education is less a philosophy than a superstition. It holds that the classroom is the only forge of competence; that the university degree is the only valid certificate of character; and that the remedy for any economic dislocation is to compel more people to spend more years sitting in rows, listening to lectures, and accumulating debt.

This superstition has consequences. It has turned the university from a sanctuary of scholarship into a bottleneck of social entry. It has converted the natural dignity of skilled trade into a cultural consolation prize. It has created a labour market where the ability to perform a task is often less important than the paper proving one is eligible to attempt it. And it has produced a peculiar economic paradox: a society that is simultaneously over-credentialed and under-skilled, teeming with graduates who cannot find work and employers who cannot find competence.

The error lies in a fundamental confusion between the symbol and the substance. We have confused *schooling* (the bureaucratic process of attendance and certification) with *education* (the acquisition of mastery and judgment). The former is a product that can be sold, subsidised, and inflated. The latter is a capacity that must be built. By subsidising the symbol, we have not necessarily expanded the substance. We have simply inflated the price of the ticket.

This chapter argues that the ladder of opportunity has been broken by the very institution claiming to be its guardian. By mandating the academic route as the sole thoroughfare to the middle class, we have erected a toll booth on the road to dignity. We have stigmatised the practical arts that build civilisation in favour of the abstract certifications that merely licence one to manage it.

Gardner's warning was prophetic. We now possess a surplus of shoddy philosophy—in the form of degrees that signal little but endurance—and a shortage of excellent plumbing. The pipes are leaking, and the theorists are bewildered. To repair the ladder, we must first stop confusing it with the ivory tower.

I. The Credential as a Barrier to Entry

In a simpler economy, if you wanted to work, you demonstrated you could do the job. If you wanted to learn a trade, you apprenticed with a master. The friction was low. The test was reality.

In the modern credentialised economy, the test is the certificate. The degree has become the universal screening heuristic for the HR department. It functions less as proof of specific training—since few liberal arts degrees teach the mechanics of modern logistics or sales—and more as a costly signal of conformity. It proves that the candidate can sit still, follow instructions, delay gratification, and navigate a bureaucracy for four years.

Economists call this the "signalling model" of education. If the primary value of a degree were the skills learned, then the final year would not be worth significantly more than the first three. Yet the "sheepskin effect" is real: the boost in earnings comes from the diploma itself, not just the years attended.⁶⁴ The paper is the key.

This transforms the university from a provider of human capital into a gatekeeper of the labour market. It effectively privatises the right to work. To enter the corporate economy, one must pay a tuition tax to an accredited institution. This tax has risen faster than inflation, faster than wages, and faster than the value of the education delivered.

The tragedy is that this barrier falls hardest on those with the least capital. The bright working-class teenager who is practically gifted but academically restless is told that their only path is a university loan. If they take it, they risk debt without completion. If they refuse it, they face a ceiling. The credential does not create the job; it merely rations it.

II. The Subsidy Trap: Why the Cost Never Stops Rising

Why has the cost of this "ticket" exploded? The standard answer is a lack of public funding. The economic answer is the Bennet Hypothesis: when you subsidise demand, producers raise prices.

⁶⁴ **Caplan (2018)**, *The Case Against Education*. Aggregates decades of labour economics to argue that 50–80% of the education wage premium is "signalling" (proving you are smart/conformist) rather than "human capital" (learning useful skills). He uses the "Sheepskin Effect" (the wage spike upon graduation) as the smoking gun.

Governments, acting on the superstition that "more university is better," have flooded the market with subsidised loans and grants. The intention was to make college affordable. The result was to make it expensive. Universities, knowing that students have access to a virtually unlimited tap of credit, have no incentive to control costs. They compete on amenities, administration, and prestige, passing the bill to the student, who passes it to the loan book, which often passes it back to the taxpayer.

This is a classic Hazlitt "secondary consequence." The visible effect is the student getting a loan. The invisible effect is the tuition hike that absorbs the loan. We have not made education cheaper; we have merely capitalised the future earnings of a generation and transferred that capital to university administrators.

The bloat in higher education is not in the faculty who teach (whose wages have often stagnated) but in the administrative layer that manages.⁴ This layer exists to service the compliance, the lifestyle, and the therapeutic needs of the campus—needs that expand as the cost expands. It is a perfect closed loop of inflation.

III. The Stigma on the Practical Arts

While we inflated the academic route, we dismantled the vocational one.

For decades, the cultural signal sent to young people—and arguably more damagingly, to their parents—was that vocational and technical education (VTE) was a "Plan B" for those who failed the academic track. To become a welder, a machinist, a precision technician, a builder, or an electrician was framed as a lesser destiny than becoming a mid-level marketing coordinator with a BA in Sociology.

This is a profound moral and economic error.

Economically, it ignores supply and demand. As the supply of graduates swells, the wage premium for generic degrees softens. Meanwhile, as the supply of skilled tradespeople shrinks (the "grey ceiling" of retiring boomers), the price of trade skills rises.⁵ We are approaching a moment where a good elevator technician commands more market power than a generic lawyer. The market is trying to tell us something, but our status anxiety refuses to listen.

Morally, it is corrosive. It suggests that work done with the hands is inherently less noble than work done with a screen. This alienates a massive segment of the population—often young men—who possess mechanical intelligence and a desire for tangible agency. By forcing them

into academic structures that do not suit their aptitudes, we label them "failures" before they have even started. We take potential master craftsmen and turn them into resentful dropouts.

A society that honours the pipe-fitter as much as the professor is not just being "nice." It is being realistic about what keeps the lights on.

IV. Signalling vs. Human Capital: The Expensive Sorting Hat

If universities are not teaching vocational skills, what are they doing?

The optimistic view is "Human Capital Theory": education builds general skills (critical thinking, writing) that make workers more productive.

The cynical (and increasingly empirical) view is "Signalling Theory": education sorts people. It separates the high-IQ/high-conscientiousness workers from the rest, saving employers the cost of testing.

If the signalling component is high—and Bryan Caplan's work suggests it is substantial—then education is a zero-sum game. If everyone has a degree, the degree no longer signals excellence; it signals "baseline." So, to signal excellence, one needs a Master's. Then a PhD. The bar rises, not because the job requires more skill, but because the signal is diluted.⁶⁵

This is "credential inflation." Jobs that used to require a high school diploma (executive assistant, sales rep, construction manager) now require a Bachelor's. The job has not changed. The secretary is not performing calculus. But the filter has tightened.

This is a massive deadweight loss for society. We are forcing millions of people to spend four years out of the workforce, accumulating debt, merely to jump a hurdle that keeps getting higher. We are burning time—the scarcest resource of youth—on a signal that could be sent more cheaply.

V. The Mismatch: The Over-Educated and Under-Employed

The result of this system is the "mismatch." We see it in the phenomenon of the "over-educated barista"—the graduate with a degree in a low-demand field working in a non-graduate role.

This is not a failure of the student's character. It is a failure of the price signal.

⁶⁵ **Lucca, Nadauld, & Shen (2015)**, "Credit Supply and the Rise in College Tuition," *Federal Reserve Bank of New York Staff Reports*. Empirically confirmed the "Hazlitt" argument that government subsidies (the visible help) caused tuition inflation (the invisible harm), enriching administrators rather than students.

The university system creates a disconnect between the cost of the degree and the market value of the skill. A degree in a field with zero market demand costs the same to acquire (in tuition) as a degree in engineering. The loan system treats them as equivalent assets. The labour market does not.

When the graduate enters the market and finds that their credential has no currency, they feel cheated. And they have been. They were sold a ticket to the middle class that turned out to be a lottery ticket.

Meanwhile, manufacturers, logistics firms, and construction companies are desperate for talent. They cannot find people who can read a blueprint, troubleshoot a circuit, or manage a complex logistical flow.

We have engineered a shortage of what we need by subsidising a surplus of what we don't.

VI. The Loss of the Apprenticeship

The tragedy is that we destroyed a system that worked: the apprenticeship.

The apprenticeship is superior to the classroom for many forms of learning because it integrates training with reality.

1. **It is paid:** The learner earns while learning, avoiding the debt trap.
2. **It is relevant:** You learn the tools actually used, not the theory of the tools.
3. **It is networked:** You are socialised into a profession, not isolated in a dorm.
4. **It is efficient:** If you aren't suited for it, you find out in three months, not four years.

Germany and Switzerland maintained their apprenticeship tracks. They afforded them dignity. As a result, they have lower youth unemployment and a robust manufacturing base. The Anglo-American world dismantled them in the name of "academic equality."

We are now trying to rebuild them, but it is hard to rebuild a culture of training once it has been replaced by a culture of credentialing.⁶⁶

VII. The "Lost Boys" and the Gender Gap

⁶⁶ **Fuller et al. (2017)**, *Dismissed by Degrees*. Investigated "degree inflation" in 26 million job postings. Found that degree requirements function as lazy filters for jobs that have not changed in complexity, creating a structural mismatch between the over-educated and the under-employed.

We must also speak plainly about who is falling off this ladder. The academic-credential model demands a specific set of traits: verbal fluency, stillness, compliance with abstract rules, and long-term focus on distant rewards. These traits are statistically more common in young women than young men.

Boys often thrive in environments of competition, agency, physical risk, and tangible output. The classroom suffocates these instincts; the workshop channels them.

By making the classroom the only path, we have created a structural headwind for millions of young men. They drop out. They disengage. They drift into the "NEET" category (Not in Education, Employment, or Training).

This is not just an economic loss; it is a social catastrophe. A generation of unmoored men is a recipe for volatility. Revaluing vocational competence is not just about plumbing; it is about providing a path to masculine maturity that does not require a thesis.

VIII. The Solution: Decoupling and Diversifying

How do we fix this? We cannot abolish universities, nor should we. Scholarship is vital. But we must dethrone the university from its monopoly on social entry.

1. Decouple Hiring from Degrees

Employers must stop using the degree as a lazy filter. Governments should lead by example (as some have started to do) by removing degree requirements for jobs where the degree is irrelevant. Hiring should be based on skills tests, portfolios, and experience. If you can code, it shouldn't matter if you learned it at MIT or in your basement.

2. Make Loans Risk-Aware

If universities had to underwrite a portion of the student loans, they would rapidly stop offering degrees that do not lead to employment. They would have skin in the game. Currently, they privatise the tuition and socialise the default. Aligning incentives would discipline costs.

3. Revive the Guilds (Modern Apprenticeships)

We need to expand the legal definition of "education" to include work-based training. Public funding that currently goes to universities should follow the student to accredited apprenticeships, coding bootcamps, and trade schools. The plumber's license should be celebrated with the same graduation pomp as the sociologist's diploma.

4. Transparency in Outcomes

Every university letter of acceptance should come with a mandatory disclosure: the average debt, repayment rate, and starting salary of graduates in that specific major. The "One-Year Fallacy" applies here too: students look at the average graduate salary (boosted by doctors and engineers) and assume it applies to them. We need truth in advertising.

IX. Conclusion: The Return to Reality

The purpose of education is not to certify a class structure. It is to equip citizens with the agency to solve problems and the wisdom to live well.

We have built a system that does the opposite. It delays agency. It creates debt without solvency. And it creates a class structure based on paper rather than contribution.⁶⁷

John Gardner was right. A society that tolerates shoddiness in philosophy because it is "exalted" will eventually find that its philosophy is as broken as its plumbing.⁸ The way back is to respect the pipe as much as the poem, and to recognize that the ladder of opportunity is built of many different rungs.

The "boring" path of learning a hard skill, serving an apprenticeship, and producing value for a neighbour is not a failure. It is the foundation of a free life.

Real education educates. It does not just certify.

The Lesson Line

A degree is a receipt for time spent, not proof of value added; real opportunity requires decoupling competence from the credential that claims to own it.

⁶⁷ **Lucca, Nadauld, & Shen (2015)**, "Credit Supply and the Rise in College Tuition," *Federal Reserve Bank of New York Staff Reports*. Empirically confirmed the "Hazlitt" argument that government subsidies (the visible help) caused tuition inflation (the invisible harm), enriching administrators rather than students.

Chapter 17 Notes:

[1] The Philosophy of Excellence Gardner, *Excellence: Can We Be Equal and Excellent Too?* (1961). The foundational text for the chapter's core metaphor. Gardner argued that a democracy must honour both the philosopher and the plumber, or "neither its pipes nor its theories will hold water."

[2] Signalling Theory (The Sheepskin Effect) Caplan, *The Case Against Education* (2018). Aggregates decades of labour economics to argue that 50–80% of the education wage premium is "signalling" (proving you are smart/conformist) rather than "human capital" (learning useful skills). He uses the "Sheepskin Effect" (the wage spike upon graduation) as the smoking gun.

[3] The Bennett Hypothesis (Tuition Inflation) Lucca, Nadauld, & Shen, "Credit Supply and the Rise in College Tuition," *Federal Reserve Bank of New York Staff Reports* (2015). Found that for every dollar of subsidised federal student loans, tuition rose by about 60 cents, empirically confirming that subsidies pass through to university administrators rather than benefitting students.

[4] The Mismatch Fuller et al., *Dismissed by Degrees* (2017). (Also referenced in Chapter 10). Shows that degree inflation has created a structural mismatch where employers demand degrees for jobs that don't need them, while simultaneously facing shortages in skilled trades that do not require degrees.

Governing Claim The modern university has shifted from a provider of skills to a gatekeeper of the labour market. By confusing *schooling* (the credential) with *education* (competence), society has erected a costly toll booth on the road to the middle class, stigmatising the practical arts and subsidising a surplus of generic degrees that do not map to economic reality.

The "Hazlitt" Examples (Primary)

1. The Sheepskin Effect (Signalling):

- o *Claim:* "University builds human capital; that's why graduates earn more."
- o *Hidden Assumption:* The earnings boost comes from the skills learned, not the diploma itself.
- o *Mechanism:* If skills were the driver, three years of university would yield 75% of the wage premium of four years. In reality, the final year (the diploma) yields a disproportionate jump. This proves the degree is primarily a signal of conformity and endurance, not just skill.
- o *Lesson:* We are forcing youth to spend four years and a fortune just to buy a sorting label for HR departments.

2. The Bennett Hypothesis (The Subsidy Trap):

- o *Claim:* "Student loans make college affordable."
- o *Hidden Assumption:* Universities will not raise prices when their customers are given more credit.
- o *Mechanism:* When the government subsidises demand through easy credit, universities respond by raising tuition and expanding administration. The student takes on more debt to pay for the same product.
- o *Lesson:* You cannot lower the cost of a service by subsidising the vendor; you only inflate the price.

3. The Mismatch (The Over-Educated Barista):

- o *Claim:* "More education is always better for the economy."
- o *Hidden Assumption:* All degrees have equal economic utility.

- o *Mechanism:* Subsidies encourage the overproduction of low-demand degrees while the stigma on vocational training creates a shortage of high-skill trades. The result is graduates with debt working in non-graduate roles, while infrastructure crumbles for lack of skilled technicians.
- o *Lesson:* A society that scorns excellence in plumbing will find that neither its pipes nor its theories hold water.