

## The Politician's Guide to the Returns to Schooling

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What is a busy politician to do? The nice folks at the flagship university in your state have offered you an honorary doctorate, but only if you will help their lobbyist pass the new subsidized student loan bill in the state legislature, which will help your suburban constituents send their kids to university without scrimping on their annual vacation. Plus the bill means big money for the university, which will immediately raise its tuition. You want to help, and the doctorate would really show up your legislative colleagues who make fun of you for getting your degree at “Big Al’s Law and Beauty School”.

The trouble is, being a politician means having a really full schedule. Where will you find the time to research the case for the bill? Just today, you have to get your hair done, and get a botox shot, and meet that guy from the NEA in the basement of the parking garage to get a briefcase full of their 10,000 latest thoughts on the serious equity issues raised by school choice. Plus your intern is dropping by in the evening and bringing her box of cigars. If this sounds like your busy schedule, then you have come to the right place. This chapter summarizes the evidence on the returns to schooling in only 484 words, and without any math!

Now, normally, economists are just a pain the ass, always talking about costs instead of just focusing on benefits and wanting to confuse issues with lots of mumbo-jumbo about data and credibility. But in this case, those badly dressed (and over-paid!)

jerks have done you a big favor. They have written hundreds of papers on something called the returns to schooling. Sure, most of those papers have conceptual problems, and none of them actually estimate a parameter relevant to the subsidized student loan bill, but your colleagues won't know that and neither will their policy wonk aides, who think a t-statistic has something to do with trade with China. Nope, all you have to know to proudly stand up and support your friends at the university is the rate of return to education. Even the name "rate of return" sounds financial and serious. It is just the thing for your speech. Your colleagues will be impressed. Just say that the subsidized student loan bill, or the new faculty recreation center or the new indoor football practice center, will increase years of schooling, and that the return to schooling is large, and the bill is sure to pass.

Table 1 summarizes the evidence on the return to schooling, which equals 10. That's a really big number! Just tell your colleagues that the return is big (really big!), cite this paper (it is by a real professor!), and remind them that, like all the good work that the legislature does, it's "for the children". Now, quit wasting your time reading and get to work – your constituents expect no less!

Table 1 Summary of the Literature on the Returns to Schooling
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