Education

“The U.S. Census Bureau tells us that in 1999, average income for a male age 25 or over who holds a bachelor’s degree was about $61,000, compared to about $32,000 for a male with a high-school diploma -- so the college graduate’s income was about $29,000 more annually than the high-school grad’s. And incomes of those with only a high-school education are sinking steadily lower.” (Hansen) Even more disturbing, Gary Becker states that, “Real wage rates of young high school dropouts have fallen by more than twenty-five percent since the early seventies, a truly remarkable decline.” These statistics help us understand the direct impact of education on a single person's economic status; that in American society today, education is becoming more of a necessity to succeed. However, education affects much more in a society than the earning potential of its constituents. Education also impacts such economic areas as technology and standards of living. Another example is that education can also raise a person’s value as “human capital”. This paper will attempt to explore the impact on the United States economy as American education has matured over the last four-hundred years.

Before the economic impact of education can be discussed, the history of education itself must be reviewed. The education system that we enjoy today has been long in the making. In the early Colonial Era, schools were more of an elite institution than can be seen in later years. The most common form of school was that run by the local religious bodies; for families who could afford it, the church provided basic grammar school and religious studies. In the Southern United States, children of wealthy families were educated by way of private tutors, as education
was felt to be a private matter. Other, less well-off families were relegated to teaching their children only the basic necessities of education in the home. Such studies included the basic alphabet, speech, and just enough reading and math to survive interacting with others. For those lucky enough to have received a formal education, and wealthy enough to continue on with their studies, Harvard University was the only available institute of higher education in the Colonies (Barger). Although Harvard was not openly religious, a great deal of its graduates went on to become ministers in Puritan congregations.

After the revolution, education began to expand drastically. Although there was still not a system of primary public education, various individuals were experimenting with different ideas. One of the more famous of these experiments was conducted by British Socialist Robert Owen in New Harmony, Indiana. He believed that everyone, regardless of social status deserved an education starting early in life. Unfortunately, Owen’s experiment failed due to a lack of funding and he was forced to sell his school at a loss. However, his ideas aroused interest in public education as a means to elevate and eliminate social stratification (Barger). Later, his ideas helped to begin the public school system. In colleges, a simple curriculum called the “classic studies,” which was comprised of math, moral philosophy, Latin, and Greek, evolved into more diverse offerings. “After the revolution, chemistry, physics, and mineralology [sic] began to be introduced. French and German began to replace Latin and Greek. The ‘Parallel Program’ was perfected in 1828. This permitted more modern language, science, political economy, and math,” (Barger). During this time, religion was still influential in schools. “The President of a college was always a clergyman. Also, professors and students were required to attend chapel daily,” (Barger).
In the era leading up to the Civil War and into the Industrial Revolution, America experienced few changes in the area of education. However, the changes that did occur were significant. Of the more notable of these changes was the introduction of the Compulsory Attendance Act of 1852. This law was initially local to Massachusetts, but was a national law by 1918. The act put in place fines on the parents for not sending their children to school. It also established the first child labor laws to keep children in school. Additionally, it is in this time period that we see the first real movements to try to remove religion from public schools (Barger). Up until this time, public educational institutions were predominantly Protestant. However, the increasing Catholic population did not want their children attending Protestant schools, nor did the Protestants want the Catholics in their schools, so the Catholic population started their own system of schools which are still in effect today. While college curricula did not change much in this time period, more universities were being established around the country to meet an ever-growing demand for higher education.

During the Industrial Revolution, we see one of the largest reforms since the conception of the public schooling system. Until this point, there was no high school as we know it today; rather, there was only grammar school and the academy. Also, there was no such thing as grade levels. Students had continued through school either until they had mastered their studies, or grew old enough to work. The Industrial Revolution created the high school to further educate children and prepare them for the work force, and grade level stratification offered a means by which progress could be measured. Teachers were also subjected, for the first time, to set curricula and subjects which served to help standardize the national educational system. These standards helped ensure that all students would leave school with a common set of knowledge
and abilities, drastically increasing the amount of skilled labor. “By 1880 there were 800 high schools in the United States and by 1890 there were 2,500,” (Barger).

As society progressed, several additions were made to the educational system. Two of these major reforms had the same goal: to get more people to attend school. These are the Veterans Administration and Federal Aid. The Veterans Administration gives military veterans financial aid to pursue a higher education so that they might reenter the workforce. Federal Aid is aimed at providing those who would otherwise be hindered by financial constraints from getting a higher education by providing funding when it is needed. Similarly, formal adult education such as community colleges and vocational training have been put in place to aid those seeking to expand their skills and make themselves more valuable human capital (Barger). The twentieth century has also seen the abolition of prayer and other religious activities in public schools. “In the case of Abington v. Schempp the Court stated that the primary purpose of the state requirement that the Bible be read or the Lord's Prayer be recited was religious… The establishment clause of the First Admendment [sic] requires that the states be neutral toward religion. A law requiring a prayer at the beginning of the school day is an impermissible establishment of religion, whether or not students are required to participate,” (Baylis-Heerschop).

The aforementioned history of education directly relates to the economic conditions in the United States over the last four-hundred years. It can be seen that the more educated the population has become, the higher the standards of living have gotten. For example, in the early colonial period, when only the wealthiest of children were afforded a formal education, only the wealthy children succeeded economically. Only the rich benefited under this system, as it provided education to the already educated and withheld education from those who needed it
most. However, as time progressed, this system became more geared toward reducing social stratification. With the introduction of public schooling, children who would not otherwise have access to a quality education were given the chance to improve themselves. Later, with the introduction of the Compulsory Attendance Act, children who would normally be excluded from the system because of a lack of will or an obligation to make money for the family were forced to attend school. In the long run, however, children benefited much more from going to school rather than going to work as when they finished school, they were more educated and able to get higher paying, less menial (and less dangerous) jobs (Barger).

Similarly, a nation’s standard of living is directly related to its available capital. Elchanan Cohn writes that a more educated nation produces more income, which requires more resources, which is the result of a more educated nation:

Since a more highly schooled nation, equipped with the same material goods, creates a much larger income than an uneducated people, and since this higher schooling can only be obtained through an educational process which requires a larger consumption of material goods, the more educated nation also possesses a larger capital, the returns of which is expressed in the larger product of its labor.

Throughout history, it is quite apparent that education has helped play a significant role in increasing our national output and standard of living. Real GDP per capita has risen from $1,050 in 1789 to $33,678 in 2002 (Johnston). This is increase of over 32 times in the past 225 years correlates with the rising standards of education in America. Additionally, humans are an element of capital, and as such, their value goes up when the value of their services also go up. Hence, an educated person is a more valuable as a skilled laborer because he can perform tasks of a higher value. This, in turn, augments the GDP by creating more efficient businesses.

While in the long run a highly educated person will earn more money than someone who did not get as far, there are numerous opportunity costs associated with the choices made in
pursuing education. In the short run, someone who foregoes their education in order to work earns a significantly higher immediate salary whereas the student makes nothing. Any earning made by the student is likely to go right back into paying for his education. However, in the long run, the benefits of getting the education are immeasurable; better educated people tend to have higher incomes, better jobs, and more opportunities for advancement. “Every dollar spent on a young man’s college education produces $34.85 in increased lifetime income,” (Hansen).

![Fig. 1. Opportunity costs](source: John Kane)

At certain points in history, such as the industrial revolution and the great depression, the choice between school and work was not always an easy one. Often, in less well-off families, as soon as a child could work, they would be sent to do so to help augment the family’s income in times of need. Such work would often supercede going to school, causing the child to miss out on a valuable education. With the passing of the Compulsory Attendance Act, which required that children be in school for at least a certain period of time per year, children were given the chance to get their deserved education (Brewer).
Schooling in America has come a long way since the Colonial period. We have gone from an isolated informal system dominated by religion, to a national scheme of schools designed to ensure that every child receives an equal and adequate education, regardless of financial and social status. “But a good education confers great indirect benefits even on the ordinary workman. It stimulates his mental activity; it fosters in him a habit of wise inquisitiveness; it makes him more intelligent, more ready, more trustworthy in his ordinary work; it raises the tone of his life in working hours and out of working hours; it is thus an important means towards the production of material wealth; at the same time that, regarded as an end in itself, it is inferior to none of those which the production of material wealth can be made to subserve,” (Cohn 24).
Work Cited

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