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WHO SHOULD CERTIFY COMPETENCE?

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Back in 1971, I was interviewed for a teaching position at an obscure Michigan college, one which was officially Christian but which survived only because of the state scholarship program that funneled several hundred nonsectarian, often secular students onto the campus. I had sent the dean my *vita*, and he hastened to tell me that he was not quite sure my academic training was adequate for his college's high standards. "Well, I'll tell you," I replied, "I've just had an offer from Michigan State, so I'm not sure I am even in the market right now." "Oh, that's different," was his response. "We'd be happy to have you teach here."

As it turned out, I wound up on the staff of the Foundation for Economic Education, so I never had the opportunity to find out if my academic training was up to his school's standards. But the following year I happened to visit the school, and I dropped in to see one of the administrators. I am not sure whether he had been the same one I had spoken with the year before, although I think he was. He went on at some length describing the "upgrading" of the school's faculty. There was one professor of mathematics, he assured me, who was about to be fired because he had not earned his doctorate. He was a fine teacher, of course, but there were standards to be met. In short, he was competent, but he was not certified. (This administrator went on to a bigger and better obscure college, having done his work in wiping out careers in Michigan.)

Certification vs. competence: Which is it to be? Of course, it would be nice to have both, but Christian colleges are strapped financially, and they cannot afford both. In fact, given the nature of bureaucracies, especially academic bureaucracies, they cannot be sure of anything except certification. There are no measurements of academic competence that are easily examined, since each field is so specialized that aging faculty members are hardly able to judge the competence of their younger, more energetic colleagues. If anything, competence in the classroom is a threat to the self-esteem of those who are tenured, and who also make the decisions. But certification upgrades their departments, and therefore lends prestige to them. What those doing the hiring really want is to hire new men with superb credentials and only mediocre performance subsequent to the earning of those credentials.

Even the credentials are taken on faith. I know of at least three people who faked their credentials in the conservative-libertarian movement. Forged academic credentials are among the easiest in the world to produce, and once a man has his position, he is probably safe. I know of one man—intellectually first rate, as a matter of fact—who had forged his academic credentials, and he remained on the faculty of a state university in the southwest for over 20 years before anyone found out. He published excellent articles throughout his career, too—a man of true competence. Naturally, he was fired.

Monopoly Returns

Max Weber, the Great social scientist who died in 1920, perceptively analyzed the modern university in his posthumously published essay on "Bureaucracy."

The development of the diploma from universities, and business and engineering colleges, and the universal clamor for the creation of educational certificates in all fields make for the formation of a privileged stratum in bureaus and in offices. Such certificates support their holders' claims for intermarriages with notable families (in business offices people naturally hope for preferment with regard to the chief's daughter), claims to be admitted into the circles that adhere to 'codes of honor,' claims for a 'respectable' remuneration rather than remuneration for work done, claims for assured advancement and old-age insurance, and, above all, claims to monopolize socially and economically advantageous positions. When we hear from all sides the demand for an introduction of regular curricula and special examinations, the reason behind it is, of course, not a suddenly awakened 'thirst for education' but the desire for restricting the supply for those positions and their monopolization by the owners of educational certificates. Today, the 'examination' is the universal means of this monopolization, and therefore examinations irresistibly advance. (*From Max Weber: Essays in Sociology*, edited by H. H. Gerth and C. Wright Mills [New York: Oxford University Press, 1946] pp. 241-42.)

The Christian world has fallen into this race for academic certification. In fact, the intellectual inferiority complex of modern evangelicalism has, in anything, accentuated the frantic quest for certification. That dean of the faculty back in 1971 was almost pathetically deferential to me, once he learned that Michigan State had offered me a full-time position. (What if I had been lying? Would he have had the gumption to ask me for a photocopy of my letter from Michigan State confirming the offer? I doubt it.) My credentials were supposedly not that impressive, until he found out that Michigan State thought I was acceptable. Then, lo and behold, this agent of the world of higher Christian scholarship knew that I was first rate. The atheists had baptized me, and Michigan secularists had offered me a position in the priesthood. I was obviously a hot prospect. Had it not been for Michigan State, he never would have been sure.

Why was I caught up in the race? Because I was responding to the market. You have to get the certification in order to have the academic right to criticize the whole system of

certification. Otherwise, the criticism can be dismissed as being "sour grapes," a complaint by someone who could not compete intellectually. (Notice the assumption: certification is equated with intellect.)

With today's glut of Ph.D.'s, not to mention M.A.'s, the game has been exposed for the sham it always was. The monopoly returns have fallen to zero for most new holders of the Ph.D. It is not even a good hunting license any more. With 50 or more applicants for every job available, there are few economic returns on the investment in a Ph.D. I have used mine as an advertising device in the newsletter business, since it is not much good for anything else, but there are highly successful newsletter writers who saved time and trouble by inventing their Ph.D.s, or spending \$25 from a diploma mill to receive one. It really makes little difference. A bad newsletter is not improved much by an earned Ph.D, and a good one barely suffers if the writer never earned one.

Market Certification

If the Ph.D is worth so little in the first place, then why bother to earn one? In the 1980's, it makes very little sense. The nonprofit world of academics is filled up, and the profit-seeking world does not care one way or the other. The market certifies performance. A man offers buyers and potential buyers something that he says can aid them in better achieving their goals in life, and they either respond or they don't. The profit-and-loss column tells him how successful he has been.

It is when men attempt to substitute **non-market** criteria for the profit-and-loss statement that the quest for certification becomes so important. Your banker is not much interested in your formal academic achievements when you come to him for a business loan. He wants to see your credit references, your past record in the business world, your personal financial statement, and your willingness to put your money on the line to match his. If anything, these prized economic attributes will ruin your chances of getting a job teaching in a college. Your independent financial status might lead you to go your own way on campus, rocking the bureaucratic boat with abandon, since you are not totally dependent on the continuing favor of the department chairman and the administration for your bread and butter. For example, in 1976, three private, ostensibly Christian colleges were offered this deal: take Gary North onto your faculty for two years, and his salary will be taken care of by a multimillion dollar foundation (in two cases) or a private donor (the third). All three colleges turned the deal down. I was too controversial, and I had obvious outside support. It was not worth the trouble to them, yet all three had high student-to-faculty ratios, and all three bewailed the high price of Ph.D-holding instructors.

I was fortunate. I had marketable skills outside the underpaid world of university teaching. I also had some important opportunities that opened up to me that helped me market those skills. I have accomplished vastly more, both financially and in terms of my influence, in the last three years than I could have accomplished in a normal academic career of 30 years. But what if I had been living in a society that did not offer profit-seeking opportunities? What if I had been living in a totally bureaucratized socialist society? What if I had been dependent on formal certification for advancement in any available field? I would have been a lot poorer, and my subscribers would have been a lot poorer.

I learned my lesson. When I go looking for someone to run some aspect of one of my businesses, I never ask him about his academic attainments. I want to know his performance on the job. When I find a writer who can produce a book or other work that is lively and relevant, I am not about to play the game that dean of the faculty played with the untenured assistant professor of mathematics. I am not going to require

him to sign up for a Ph.D program in order for me to consider publishing his material. I pay him for the project, and he can sign up or not sign up for his Ph.D program, as he sees fit. **All I care about is his finished manuscript, submitted on time.** And, just to make certain everyone understands the relationship, I pay my writers by the finished page. No manuscript-no money. You would be amazed how much copy I can get out of people on that basis. (To prevent enormous manuscripts, I put a dollar limit on the total payment.)

This is market certification. I open up the arena of competition. I am sure that my Ph.D-holding writers would much prefer the ivy-covered halls and some ivy-covered colleagues. They would rather have a fat salary, few students, and no deadlines. But, thank God, that world is now closed to young men today. It will not be opened again in this generation. So they get down to business. They write. And in doing so, they start having influence outside the halls of ivy.

Bureaucracy

Increasingly, the largest corporations are screening applicants in terms of academic certification. They want to see whether a man holds a bachelor's degree. They are smart enough to recognize that the M.A. is absolutely useless, but they want to see the B.A. There are several reasons, but the main one is this: the B.A. is certification of a man's ability to do something he hates to do for four years, and to survive the competition. It is a certificate of **staying power**. It means that a person did compete at something, and it really does not matter what it was.

The B.A. is a cheap, fast, not very efficient screening device. It helps men who are hiring young talent to spot moderately trained, somewhat literate future employees. The B.A. does not certify entrepreneurship. No certificate can. Only the market can do this. So the employer settles for another measuring device, although it is not clear what, specifically, the device measures. He settles for the B.A.

Companies that are geared to profit in a fast, competitive market are less concerned about the B.A. The computer firms and silicon chip firms are in the middle of just such a market, and they are not that concerned about a man's B.A. They want performance. If a man's reputation for genius gets out — and in that market, it will — nobody asks where he received his B.A., or whether he went on for the Ph.D. All they want is his productivity, not his credentials. These firms are in too fast a market. They cannot afford to buy credentials for the sake of some vague prestige. They cannot afford prestige at the cost of lost productivity. This is why most of those men who are tenured professors cannot teach computer science. What little they know is outdated, and their leisurely lifestyle is not conducive to mastering the rapid developments in the computer field. The only men who can consistently teach this science are those brought in part-time by the universities from private, profit-seeking business.

In short, what the certification system produces is **bureaucrats**. It produces men who are not that familiar with markets. Even the business schools increasingly focus on academic theory, especially mathematical equations, at the expense of market experience. What cannot be certified is not certified. Yet certification goes on. And to the extent that we all join in this self-fulfilling, self-justifying, self-certifying merry-go-round, we contribute to the increased output of risk-avoiding bureaucrats.

Socialism favors bureaucracy. Socialist intervention protects inefficient, State-approved firms from the rigors of market competition. As Ludwig von Mises noted in 1922, socialism "refuses to see in those who guide the company anything except officials, for the etatist [statist] wants to think of the whole world as inhabited only of officials." (*Socialism: An*

Economic and Sociological Analysis [New Haven: Yale University Press, (1922) 1962], p. 209.) F. A. Hayek, Mises' student, has addressed himself to the same question, and his remarks are ominous:

Thus, the more we try to provide full security by interfering with the market system, the greater the insecurity becomes; and, what is worse, the greater becomes the contrast between the security of those to whom it is granted as a privilege and the ever increasing insecurity of the underprivileged. And the more security becomes a privilege, and the greater the danger to those excluded from it, the higher will security be prized. As the number of the privileged increases and the difference between their security and the insecurity of the others increases, a completely new set of social values gradually arises. It is no longer independence but security which gives rank and status, the certain right to a pension more than confidence in his making good which makes a young man eligible for marriage, while insecurity becomes the dreaded state of the pariah in which those who in their youth have been refused admission to the haven of a salaried position remain for life.

He wrote this in *The Road to Serfdom*, first published in 1944, and the development he described there has only accelerated. He wrote the book for a British audience, yet it achieved best-seller status in the U.S., and the bureaucratization he described as a European phenomenon became an American phenomenon after World War II.

As the socialist bureaucrats extend their power over market activities, the whole social order is threatened. The socialist planners must bear the risks of economic choice, and they prize security above all. The whole community becomes a huge experimental laboratory; everyone's security is threatened by the unresponsive, risk-avoiding nature of bureaucracy. The whole economic system can collapse today precisely because the flexibility of markets is destroyed by government control. Bureaucracy therefore leads to massive insecurity — the very result that the socialists so desperately are trying to avoid at all costs.

Resiliency

The market order is resilient. Men are called to make choices, forecast the future, save, invest, and build for their retirement years. One man's mistake becomes another man's opportunity to enter the market and solve the problem. Every market participant makes mistakes, but they do not all make the same mistake at the same moment (unless the State has misled them, such as happens when the bureaucrats inflate the money supply). Men are resilient when they are legally responsible for their own actions, and when there is a legal order protecting their property. They can profit by supplying consumers what they want, at prices they are willing to pay.

Most Americans enjoy hearing success stories, especially when the successful man has rebounded from an earlier crisis. The man who goes broke, and then finds another way to become a millionaire, is the ideal for the traditional view of the American dream. It is this hope of success that calls men to sacrifice present consumption for the sake of future benefits. It is the future-oriented, thrifty, hard working, clever forecaster who makes the system function, and all men are called to approximate this ideal businessman. **By decentralizing planning, the market decentralizes responsibility, and vice versa.** The whole society finds greater security as a result of the abolition of any earthly institution that promises to provide universal security.

But what we have watched for several generations — indeed, since the 1870's — is the steady encroachment of the civil government over the voluntary exchanges of private citizens. We have witnessed the creation of a monopolistic institution, the messianic State, which has promised men the security they want, while this very institution threatens the social order that alone offers men a measure of security. We have witnessed the increasing bureaucratization of economic life.

The pathological concern since World War II with the B.A., M.A., and Ph.D marks one aspect of this development. Christians have been caught up in the suicidal paper chase. They have believed — in defiance of everything they know to be true about Western humanism — that some impersonal, bureaucratic, self-certifying educational institution is capable of certifying performance, and not just performance, but meaningful, relevant performance. They have officially denounced the institutions of secular humanism, and they have sent their children into the den of academic lions to be certified by them. They have called the unbelievers to repentance, and they have sent their children to run the academic gauntlet. Why? Why can't they pull out of the system?

By adopting the standards of this certification system, we have adopted the religion of bureaucracy. Why is this certification system the favored one? Historically, it was humanism which produced it. The university appeared in the Christian West, but it was from the beginning a system dominated by **Greek presuppositions** concerning the autonomy of man, the primacy of the intellect, and the importance of at least a temporary withdrawal from the outside world of business and politics. The university graduate wore a robe, the medieval sign of independent authority — a symbol shared only with priests and judges. Humanism needs protection from the law of God. Humanist institutions need protection from the world. The university demanded, and finally received, this kind of legal protection, and then, by the power granted to it by the church (which wanted literate bureaucrats) and the State (which wanted the same thing), the creators and defenders of the university convinced laymen to accept their own inferiority, and to finance the system as their moral and ultimately legal obligation.

Here is the grim irony: a system devoted to withdrawal from the world has convinced those who are successful in the world that nobody who has not run the gauntlet of academia is likely to be successful in the world. It is illegal today to put up a sign in a store window: "Help Wanted; No Irish Need Apply." Such signs were common in Boston in 1850. But it is considered perfectly sensible to run an ad in any newspaper: "Help Wanted: B.A. Required." This means, of course, "No Non-B.A.'s Allowed."

The resiliency of today's economy is being threatened by the very mentality created in the halls of ivy. We have turned over the training of future generations to those whose most important goal in life is academic tenure, so that they cannot lose their jobs. (For two excellent critiques of the whole tenure idea, see Robert Nisbet's essay, "The Permanent Professors: A Modest Proposal" [1965], in his book, *Tradition and Revolt* [New York: Vintage, 1969], and Armen Alchian, "Private Property and the Relative Cost of Tenure," [1958], in Alchian, *Economic Forces at Work* (Indianapolis: Liberty Press, 1977.) We send our future leaders and producers to receive the certification of men whose primary contribution to life is providing certification. The system is insane. We all are trapped by it, and practically everyone knows how crazy it really is.

Apprenticeship

Until the turn of the century, the apprenticeship system was the universal means of training up the next generation.

All over the world, from the days of Adam, men trained their sons, or skilled outsiders trained them. The outsider was a professional. He had made his way in a real market. He had established his reputation by direct competition. It was a privilege to apprentice one's son to such a man. It represented a considerable transfer of wealth to a man's heirs, and therefore to his family, when his son was certified by a master craftsman. But this craftsman was not simply a professional certifier. He was a marketing expert, an accountant, a professional buyer of materials, a teacher, an organizer of a firm (large enough to take on apprentices, at least), as well as a craftsman. He met the tests of real-life competition, and the skills he was to impart to his students were comprehensive skills. He was not training them simply to produce material objects; he was training them to sell goods or services in a competitive market. The labor theory of value was not operating in his shop; if he could not sell what he produced, he suffered a loss. His young apprentices had to learn this lesson early. A teacher who could not earn his living in the market could not afford to take on an apprentice.

Formal certification was important, but it was no substitute for productivity. An unskilled man would probably not be approved by a master. The seven years of training (in the West) would have to be cut short, since at the later stages, the apprentice would be part of the actual production process. But if he survived the program, he still could not survive without talent — comprehensive marketing talent — in the market. The masters had to produce men who were equipped to function in a market. They could not certify incompetents forever; word would get out, and an important source of inexpensive labor would be cut off from such masters. They could not give a man a piece of paper certifying competence in manufacturing alone; they had to train **the whole productive man**. They could not turn out an endless stream of failures, unless they were willing to wind up with the least talented young men as apprentices.

The apprenticeship system imposed a **system of mutual obligations** on everyone involved. Parents wanted specialized training for their children. The children wanted an occupation with a future. The masters wanted inexpensive, but talented, assistance in their businesses. And everyone was governed by the market — by the consumers who decided to buy or not to buy any man's products.

The question of competence, in short, was settled by the market. It was not settled by a piece of paper. It was not settled by a committee. It was not settled by a bureaucratic board of self-certified, nonprofit, tax-exempt, tenured officials.

When the Germans, or more specifically, the Prussians, invented the kindergarten and the Ph.D, the world had a choice: apprenticeship of bureaucratization. Sadly, it chose the later. As Edmund Wilson, the American literary critic, so aptly put it in his iconoclastic essay, *The Fruits of the M.L.A.* [Modern Language Association], we missed our golden opportunity when we failed during World War I to abolish the Ph.D as a German atrocity. The socialists and humanists who launched the progressive education movement used the statist educational models of Prussia, and we are still burdened by this ghastly heritage. When will we finally abandon it?

Reversing the Trend

As long as Christians continue to send their children into the humanistic halls of ivy, for whatever reasons— occupation-

al benefits, athletic amusement, marital advancement, surrogate prestige, monopoly returns (dwindling fast) — there is little hope for reform. Only when the whole society gets its looming shock of insecurity will the educational institutions of today be questioned and then replaced.

What needs to be done from a legal standpoint is simple enough: abolish all occupational restraints on entry that are, in and of themselves, subsidies to the "certification factories." If the civil government is to certify men for a profession, such as architect, physician, dentist, pharmacist, or whatever, let the certification be in terms of criteria available to anyone who can pass the examinations. Let apprentices, college graduates, self-taught men, or anyone else have equal access to the exams, and whoever passes can practice the profession. And let every member of that profession be required to pass the profession's exam every five years, so that those "inside the club" cannot increase the rigor of the exam in order to exclude young competitors. Let insurance companies — fully competitive, unregulated companies — decide what constitutes an approved professional in any specialized calling. Let the professionals police their own ranks, not by means of State coercion, but by means of insurance premiums, by excluding those members of the profession, old or new, who threaten their colleagues with insurance losses and therefore higher premiums.

Accreditation by a free market is the only accreditation that should matter. The accreditation systems of today are operated by the monopolists and for the monopolists. Monopoly leads to higher costs of production, lower quality, and reduced freedom. We should understand this when we examine the costs and benefits of higher education for our children. These monopolists will shape their future. Can they be trusted?

We need to use the services of specialized private evaluation companies. We cannot all judge the competence of those who would train our children. But we can stop believing a lie, namely, that today's monopolistic, State-protected, State-subsidized, humanistic, tenured, bureaucratic system of certification is anything but a giant fraud, a self-serving lie perpetrated by those who exercise control over the future generation by controlling the information they receive, and by examining them continually to see that they are sprouting the approved doctrines. If we send our children into this sink hole of self-serving, self-policing humanism, let us not send them in untrained. And let us revive the apprenticeship system, so that a generation of competent producers will be produced by a market-governed training system.

It is interesting to note that in 1975, I wrote a manuscript called *The Christian Student's Survival Manual*, alternatively titled, *Christian Survival on the Secular Campus*. It was, without question, the most practical book I have ever written, including by book on price controls. Yet not a single Christian book publisher was willing to touch it. I still have it sitting on my shelf. Maybe I'll publish it someday, or put the material on tapes, along with a workbook. But I'll have to do it. I'll have to market it. The conventional Christian publishing outlets are too immersed in the present system — or else they think the potential readers are — to release a book that tells students exactly what humanistic education is all about, and exactly what they have to do, day by day, to beat the system without compromising their faith. The publishers hardly know that the problem even exists. That is how far we have drifted.