**Subsidizing Stupidity**

Why do taxpayers subsidize student loans and public universities? The argument goes that there are positive externalities associated with education. Educated people are supposedly better citizens. They commit fewer crimes, are less likely to need public assistance, and give more money to charity. Still the primary beneficiary of an education is the person who gets educated. Their earning potential increases as they acquire skills and knowledge that makes them productive members of society. Oh, and let’s not discount the psychic benefit that “enlightenment” brings to educated people themselves (like gaining the ability to think yourself better than others).

Why should taxpayers subsidize student loans for majors that don’t yield a sizeable increase in income? A person’s income is a reflection of the value society places on the work they engage in relative to the number of people willing to engage in that work. By telling people that we will subsidize skills not in demand by the market, aren’t we at worst encouraging stupidity and at best subsidizing economic malaise?

[Not all majors pay the same](http://moneywatch.bnet.com/spending/blog/consumer-reporter/the-highest-and-lowest-earning-college-majors/1116/). Here is a list of average salaries for graduates of certain majors. I have included the top five and bottom five majors.

Petroleum engineering $120,000

Pharmacy/pharmaceutical Sciences and Administration $150,000

Mathematics and Computer Sciences $98,000

Aerospace Engineering $87,000

Chemical Engineering $86,000

Counseling/Psychology $29,000

Early Childhood Education $36,000

Theology and Religious Vocations $38,000

Human Serices and Community Organizations $38,000

Social Work $39,000

Subsidizing student loans isn’t free. It requires taking resources from those who earn money and giving it to those who want to borrow to gain an education. In other words, we have to take money from people who major in fields that are in demand by the economy and give it to people who want to study in fields that are not in demand by the economy. If you use your student loan to actually earn a degree that pays you well, you are not allowed to deduct student loan interest from your taxes. The system is designed to direct people away from more socially productive uses of their labor, to less socially productive uses for their labor.

Aside from student loans, public universities themselves use taxpayer money to subsidize education in all kinds of low value added majors. A thriving economy needs more engineers and fewer community organizers. Don’t take my word for it, just look at the wage society is willing to bestow on each of those majors. The sooner we stop subsidizing majors that don’t create wealth, the sooner laborers will be directed to their highest uses in society. If someone wants to major in underwater basket weaving because of the psychic benefits they personally receive from doing so, they can do it on their own dime (which they earned by pursuing a relevant course of study).

Is it likely that lawmakers will heed the call to focus taxpayers’ limited resources on education that yields the highest value added for society? Not likely. We all know that public universities’ primary reason to exist is have sporting teams to root for. Ever seen a football team made up solely of engineering majors? Would you want to?