

Yes, Post-Secondary Education Makes You Rich, But That May Not Be The Best Part

Despite the aggravation, the personal and social payoff from going to university is now unequivocal

Don Pittis · CBC News · Posted: Sep 12, 2017 5:00 AM ET | Last Updated: September 12, 2017

HIGHLIGHTS:

- ✓ Education pays: more education makes you richer.
- ✓ Education seems to expand peoples' awareness and help them develop a more complex vision of the world.
- ✓ Education exposes people to others outside their traditional communities.
- ✓ Education teaches people to learn how to learn.
- ✓ Studies show that getting more education makes you live longer.
- ✓ Education seems to make you a better person. For instance, educated people volunteer more and participate in crime less.
- ✓ Educated people tend to have better health. They smoke less. They read to their kids more.

As another aggravating school year kicks in, post-secondary students must once again face their misgivings over whether it's all worthwhile.

Parents and teachers insist that education is the credential you need to get a well-paying job. As this week's *Marketplace* investigation shows, that's why people buy [fake degrees](#).

Obviously, for professions that require special skills, credentials are important. You don't want a self-trained brain surgeon operating on you. But the economic value of education is about more than technical training.

What's the payoff?

Education doesn't come with a guaranteed job, but post-secondary students expect some kind of payoff for all the time and money invested.

Student debt in Canada totals about \$28 billion. Both in absolute terms and per capita, that is tiny compared to the roughly \$1.5 trillion owed by students in the U.S., but it is enough to make Canadians think twice about whether more years of study are worth the sacrifice.

And it is getting more expensive every year. While Canada's inflation rate shows average prices in the economy are rising at [just over one per cent](#), only last week we found out that the cost of tuition is going up every year at about triple that rate.

Of course, what students pay is only one small part of the cost of post-secondary education. Federal and provincial governments cover the bulk of the costs, leading to [grumpy taxpayer comments](#) about how students nowadays aren't paying their share.

As if living on a different planet, students complain that the cost of tuition — averaging \$6,500 a year in 2016-17 — is so high that it may never pay off, especially in the gig economy, where jobs are precarious.

Grumpy taxpayers

To those who research the economics of education, what the students are worrying about, and what those getting fake degrees are trying to buy, is called the private returns of scholarship. Governments — and grumpy taxpayers, whether they realize it or not — are concerned about something else. It's called the public returns of education investment.

According to all the research by people who study such things, on both counts, **education pays**.

"We know for sure that, economically speaking, it's a black-and-white issue," says Matthew McKean, an education specialist at the Conference Board of Canada, an economic and policy think-tank. "Graduates with a post-secondary credential, whether it's college, polytechnic or university, out-perform and out-earn people without."

A minority of graduates never do make much money, and a few billionaires — notably Apple's Steve Jobs and Microsoft's Bill Gates — didn't finish post-secondary education at all. But even when corrected for other variables such as family income, **the statistical answer is clear: More education makes you richer.**

The simplest way of proving the public return to education is also based on that increase in earning power. In a graduated taxation system like Canada's, where better-paid people are expected to pay more, higher lifetime incomes result in higher lifetime income tax, easily paying back the public investment.

Metamorphosis

According to Joel Harden, an education researcher at the Canadian Federation of Students, the clear public return demonstrates that taxpayers should pay a bigger share. After graduation, like the transition from worm to butterfly, formerly impecunious students may metamorphose into grumpy taxpayers.

Besides the simple bookkeeping of income taxes, **education offers what are sometimes called intangible benefits that buying a degree just does not offer.**

While almost every fact is now available on the internet or available in books, experts say formal **education seems to expand peoples' awareness and help them develop a more complex vision of the world. It exposes them to people outside their traditional communities. It teaches them to learn how to learn.**

But there are more mysterious results. For example, **studies show that getting more education makes you [live longer](#).** That offers both a private and a public dividend.

More oddly, perhaps, **education also seems to make you a better person. For instance, educated people volunteer more and participate in crime less.**

"They tend to be more civically engaged. They tend to actually engage more with their neighbours. They are more involved parents. They're more involved in their communities. They tend to have better health," lists Erika Shaker, director of the Education Project at the Canadian Centre for Policy Alternatives, citing international research in which other possible explanations were weeded out. **"They smoke less. They read to their kids more."**

According to the book [Re-imagining Capitalism](#), edited by Dominic Barton, the Canadian managing director of international consultants McKinsey, higher levels of education and better income equality lead to greater innovation and thus economic benefits at all levels.

That means higher levels of education help everyone in the country by making the society richer, fairer and healthier. There is also what's called the spillover effect as knowledge is passed on to friends and relatives who did not themselves attend post-secondary studies.

Perhaps most important, each generation of educated people invents the economy of the future, says Charles Pascal, professor of psychology and human development at the University of Toronto's Ontario Institute for Studies in Education.

Education opens doors young people didn't know existed, so they can create economic opportunities that don't yet exist.

"The information we require for careers we need in 10 years has not been invented yet," says Pascal.

And while governments are currently emphasizing the STEM subjects — science, technology, engineering and math — as essential to a modern economy, Pascal insists the fundamental value of education emerges no matter what the subject studied.

"It is about ensuring the basics of citizenship, the ability to communicate, the ability to work with peers, the ability to problem-solve and connect the dots, which is sometimes called creativity," he says. "These things are essential."