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A National Wealth Tax to Fund Education?

by George C. Leef

Like all socialist enterprises, “public education” in the United States is very high in cost and very low in positive results. While some students graduate from public schools with sharp intellectual skills (often owing more to their home environment than to their school instruction), many others drift aimlessly through 12 years of classes where little is expected of them, academic standards have sunk out of sight, and discipline is a joke. The teachers are protected by union contracts with piranha-like teeth and they have little incentive to do their best.

And what their best might be is highly questionable. Thanks to strict state licensing laws, it is almost obligatory for anyone who wants to teach in public schools to go through a lengthy course of study in a college or university “school of education,” where the emphasis is on dubious pedagogical theories such as cooperative learning and multicultural sensitivity rather than on the mastery of subject matter and how best to impart that knowledge to students. (With regard to the weakness of teacher-training programs, one might consult Rita Kramer’s book *Ed School Follies*, or Heather Mac Donald’s essay “[Why Johnny’s Teacher Can’t Teach](#).”) School administrators seldom have the freedom to hire teachers who haven’t been through the ed school swamp, no matter how much more competent uncertified people who happen to really know their math, chemistry, history, English, et cetera may be.

From its innumerable regulations that impede efficiency to the overarching fact that there is no penalty for failure, public education follows a socialist recipe and we get educational results that are the equivalent of Soviet-built cars.

When those poor results are recognized, the system and its defenders can be counted on to say that the problem is insufficient spending. Never mind that real spending on public education has been rising steadily for decades or that nongovernment schools produce better educational results with far lower per-pupil spending. The problem is always that we aren’t “investing” enough in public education. In a recent [National Public Radio commentary](#), Robert Reich (who served as Bill Clinton’s secretary of labor and now teaches at Brandeis University) took exactly that approach.

Reich argues that while public school systems in affluent areas are turning out students who are college- and work-ready because they have learned “to identify and solve new problems, recognize patterns, and think critically,” schools in poorer areas aren’t able to do that. The reason, of course, is money. Poorer school districts can’t afford to hire really well-trained teachers and have small classes, Reich says. Therefore, we have to do something to equalize spending so all students will have an equal shot at a good education.

Before we get to Reich’s solution, let’s stop and ask whether a shortage of money is really the problem. In many states, public schools in poorer areas receive state assistance that boosts their spending to levels that rival that of the most prosperous areas. In Michigan, for example, per-pupil spending in Detroit in 2002 was \$9,532, compared to the state average of \$7,733. “Poor” Detroit was not far behind ritzy neighboring Birmingham, where per-pupil spending was \$11,456. True, there is *some* difference, but it’s not Appalachia versus Beverly Hills. Furthermore, we have already experimented with huge increases in educational spending in poor areas. In Kansas City, because of an edict from a federal judge in 1985, spending was vastly increased to build state-of-the-art schools that have been called Taj Mahals. After nearly 20 years of that policy, however, student test scores were as low as ever. High per-pupil spending is not a sufficient condition for good educational results.

Nor is it a necessary condition. We know that because there are many nongovernmental schools in poor urban areas that produce remarkably skilled graduates, despite the fact that they operate on shoestring budgets. Often, those schools use makeshift buildings, hire uncertified teachers, and have relatively large classes (something that is common in Japan, where high teacher quality is regarded as far more beneficial than low class size). There is a great deal of information on the success of nongovernment urban schools; one good source is Sol Stern’s book *Breaking Free*. It is therefore true that high spending is not a necessary condition for educational success.

The problems that beset public education are deep and inherent, rooted in the very nature of any enterprise that obtains its revenue not from willing payers, but from taxes. Throwing more money at public education can no more solve its problems than sending more foreign aid to North Korea can end its inability to feed its people.

Still, Professor Reich wants to throw more money into public education.

He wants to do away with local property taxes to fund public education and institute a national wealth tax instead, which he recommends setting at “one tenth of one percent of everyone’s total assets each year, to be distributed to school districts around the country on the basis of the number of kids they have to educate.” Reich contends that his national wealth tax would be “simple and fair,” a means of giving “every school a fighting chance.”

How could there be any objections to that?

First off, it wouldn't be simple. We would need a new federal agency to determine the value of everyone's assets. The Internal Revenue Code goes on for thousands of pages in the attempt to define "income" and the effort to place a value on everyone's wealth would be hardly less difficult. A new federal bureaucracy demanding reports on the value of everything from houses to stamp collections, golf clubs to fishing boats? Maybe Reich isn't bothered by that prospect, but I find it most unappealing.

Second, it wouldn't be fair. There is nothing fair about confiscating any amount of wealth from people who don't want to support schools in Detroit, New York, Washington, D.C., or even their hometown. People are entitled to do what they want with their own income or wealth. Professor Reich is free to give as much money as he wants to help poor schools from his own pocket, and he's free to implore us to do likewise, but he has no moral right to compel the rest of us to do the same.

Third, it would never stop. Reich may think that his initial .001 wealth tax would be enough money, but as sure as the sun will rise tomorrow, it wouldn't be. The education establishment's appetite for money is unending, and once the camel had its nose inside the wealth-tax tent, it would continue pushing in. Just as the income tax started out small but rapidly grew, so would the wealth tax for education.

And fourth, it wouldn't do any good. The reason inner-city schools do so poorly is not that they don't have enough money to spend, but that the funds they receive are sent into a bureaucratic black hole. In New York, for example, schools remain in pathetic condition, despite an enormous budget, because of such monstrosities as the [School Construction Authority](#). The late Peter Bauer used to point out that foreign aid does far more to prop up tyrannical regimes than to help hungry people and that is exactly what would happen with increased government spending on public education. Dumping more money into public education would fatten the wallets of those who feed at the public education trough, but it wouldn't lead to better student learning.

Poor people can buy high-quality food, clothing, and other necessities because they get the benefit of a free market in those things. For good education, what they need is a free market in schools. If you really care about the education of children — and not just poor ones — you should forget about new taxes or "reforms" and advocate the separation of school and state.

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