

[Of course we should stop subsidising arts degrees](#) [1]

Written by [Tim Worstall](#) [2] | Sunday 4 August 2013

Not that we particularly do subsidise arts degrees, not in England we don't. Students now borrow to pay the course fees for the subjects they study which is as it should be. But some interesting research about why we shouldn't ever go back to subsidising arts degrees whatever else we do with tertiary education. The basic point being that hard and social science degrees contribute to economic growth. Arts degrees do not. The full paper is [here](#) [3] but this is probably an [easier summary](#) [4].

Cristiano Antonelli and Claudio Fassio decided to open this Pandora box and concentrate on one impact: economic growth. They perform a cross-country study and take the number of graduates in each field as an indicator of academic output, and see where that leads us in terms of economic achievement. They make the distinction between engineering, hard, social, medical sciences, and humanities in a 11-year panel of 16 OECD countries. The horse race ends with two clear winners, engineering and social sciences, and two big losers, medical sciences and humanities, the latter having a significant negative contribution to growth.

The argument generally deployed is that having a better educated population increases economic growth: thus there should be subsidy to that education. Which is fine of course, but as this paper shows it does rather depend upon what sort of education produces the economic growth. And as we see, the social sciences and hard ones do indeed produce that growth and so there's an argument for subsidy. That the arts degrees do not produce that growth means that this particular argument for their subsidy fails.

But do note that last little part of it: arts degrees *reduce* economic growth. Quite why: well, have you ever actually looked at an arts degree syllabus these days? They might well instruct well on the importance of feminism to Jane Austen, say, but they do seem to misinform about everything else political and economic. Or it could be of course that it's just the opportunity costs: having intelligent people spending years arguing over the importance of feminism in Jane Austen is a drag on the economy when they could have been out designing bridges instead. Or even serving the coffees that their graduate degree will prepare them for.

But such gross cynicism aside this economic result does indeed lead to an interesting policy idea.

We're all familiar with the idea that there are externalities, that such externalities need to be corrected with the addition of a Pigou Tax. This is simply the flip side of the argument that positive externalities (like, say, the public good of economic growth coming from science education) should be subsidised. Those science and social science degrees produce that increase in economic growth which is indeed a public good worthy of subsidy. Those arts degrees produce a negative externality which must be corrected by a Pigou Tax.

At which point the correct policy is obvious: we should charge the arts students twice the normal fees in order to subsidise the science students. It's a win/ win situation I feel.

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