On the Theoretical Implications of Approaching Arts Education as an Investment

Tal Gilead
The Hebrew University of Jerusalem

Introduction

On May 6, 2011 the President's Committee on the Arts and Humanities (PCAH) released a report under the attractive title "Reinvesting in Arts Education: Winning America's Future through Creative Schools."[1] The report finds that "the nation's public schools are on a downward trend in terms of providing students meaningful access to the arts" and tries to make a case for reversing this trend (*RAE*, 30). Since, as the authors themselves recognize, the decline in arts education results, to a considerable degree, from a growing educational emphasis on the practical, especially from an economic perspective, the report stresses the potential economic benefits of arts education. It argues that by enhancing students' motivation, improving their grades, and encouraging creativity, arts education can make an indispensible contribution to developing the necessary skills needed for finding employment in the twenty-first century, and for guaranteeing that the United States can successfully meet the challenges that stem from the rise of a global economy. While the authors of the report clearly state that the arts have an intrinsic value, they seem to justify arts education on the grounds of it being a sound economic investment that can yield ample economic and non-economic returns (*RAE*, 2).

In this essay I wish to challenge the idea that arts education should be approached as an investment. There are, of course, many philosophical objections to this idea, with perhaps the principal one being that the arts should not be taught for their instrumental value, but rather for their own sake.[2] Here, however, I take a slightly different perspective on the matter. My focus is on the concept of investment and the implications of incorporating this term derived from economics into educational discourse. I argue that approaching arts education as an investment subjects it to the logic of standard economic theory, and that this, in turn, for reasons to be discussed later, is bound to result in a negative bias toward it. The existence of this bias, I maintain, is not restricted to arts education, but rather points to a wider problem entailed in approaching education as an investment.

The essay proceeds in four sections. First, the essay discusses the advent of the idea that education should be approached as an investment. Second, it examines how the notion of investment figures in the provision of arts education. It explains why viewing arts education as an investment will lead providers of education to underestimate its value. Third, the essay shows why, from the individual's perspective, art education is not an attractive investment. Fourth, it presents some lessons stemming from the case of arts education regarding the view that education should be approached as an investment.

The Investment Paradigm

In the late 1950s and early 1960s economic theory went through what Mary Jean Bowman has aptly termed "the human investment revolution."[3] At the heart of this revolution stood a simple but powerful idea: people spend money on themselves not only in order to achieve present enjoyment, but also as a means to achieve future economic and non-economic returns.[4] One of the most important consequences of the investment revolution was the birth of the economics of education as a distinct field of study. In a groundbreaking article published in 1961, Theodor Schultz, the president of the American Economic Association, argues that education should be examined as an investment and that people's skills and knowledge should be regarded as a special form of capital, which he termed human capital.[5] Three years later, the economist Gary Becker published a study entitled *Human Capital,* which shows that for individuals in the U.S. education was a worthwhile investment.[6] At first, the concept of human capital and the idea that education is a form of investment were not readily accepted. For centuries economists were aware that education leads to substantial economic benefits, but for methodological and ethical reasons they were reluctant to approach education as an investment, and instead classified it as consumption. Within a few years, however, the wind had shifted and the idea of education as an investment gained currency — and with it the economics of education. Although the investment approach to education has experienced some temporary setbacks, especially in the 1970s, its prominence in educational policy is unquestionable today. Embraced by the Organisation for Economic Co-operation and Development, the World Bank, UNESCO, and many nation states, it has become a kind of a new orthodoxy. The PCAH report on arts education is only one indication of how ingrained the investment approach actually is. One can speak now, I think, of an "investment revolution in educational policy."

Approaching education as an investment naturally leads to an emphasis on the pecuniary aspects of education. Indeed, in practice the rise of the view of education as investment was accompanied by an increased concern with the purely economic aspects of education. Much of the economics of education, for example, have been devoted to establishing the monetary rates of return on educational expenditure. What uniquely distinguishes the investment approach to education from previous ones, however, is not its focus on the economic aspects of education, since earlier approaches were also concerned with the economic impact of education. Additionally, the education-as-investment perspective is not limited to the idea that the economic benefits of education should be taken into consideration or even that they should receive special attention. In fact, Gary Becker, one of the founding fathers of the economics of education, argues that the analysis of how individuals invest in education must start from the assumption that they do so by weighting its benefits and costs when "benefits include cultural and other non-monetary gains along with improvement in earning and occupations."[7] Moreover, in recent years there has been a growing body of research dealing with what economists refer to as the social and external benefits of education, namely the non-economic benefits that stem from investing in it. This research examines the effects of educational investment on

10.47925/2012.087

issues such as public health, democratization, human rights, pollution, security, emigration, and social order.[8] The PCAH report also attempts to justify investment in arts education by pointing to non-economic returns of education as well as economic ones. While such a broadened perspective seems to blur the distinction between the investment approach to education and more traditional approaches that also emphasize some instrumental aims of education, in practice, there is a fundamental difference between two. The uniqueness of the investment perspective is that, unlike other approaches, it subjects education to the dominant logic of mainstream economic theory. According to the investment approach, resource allocation in education should be guided by the same principles that guide investment in the business world.[9]

Implementing the logic of mainstream economics in the educational realm has, I believe, far-reaching consequences, which should be explored by philosophers of education. Before proceeding to examine how this logic influences investment in arts education — the main concern of this essay — one particular characteristic of investment in education must be introduced. As Tapas Majumdar observes, unlike most types of investment, educational investment can be divided into two sorts: on the one hand, investment in educational provision, namely the investment made by state and local authorities, or any other body charged with supplying education, and on the other hand, investment in educational obtainment, namely the investment made by individuals in accessing education already provided.[10] Taking this distinction as my point of departure, I will first discuss investment in the provision of arts education, and then move on to deal with the investment of time, money or effort in obtaining arts education already provided.

Investment in Provision of Arts Education

In its broadest sense, "investment is present sacrifice for future benefit." The object of this sacrifice is to optimize, over time, the overall balance between costs, both monetary and non-monetary, and all forms of returns.[11] The same holds true for investment in educational provision. Those supplying education incur its costs, for example by spending money or time on it, with the expectation that it will yield returns that outweigh the costs. The basic rules that guide economic investment were laid down by Irving Fisher at the start of the twentieth century and were developed subsequently by economists such as Kenneth Arrow, Paul Samuelson and Jack Hirshleifer.[12] Since, as previously mentioned, the investment approach subjects education to the rules that serve to guide economic investment, I will examine the effect of the investment approach on arts education by discussing how the latter stands in relation to these rules.

In theory, all investments that have a positive impact should be pursued, but in practice many of these are not, due to limited resources. When resources are limited, as they inevitably are in the educational context, a choice has to be made between different investment options. The question of how to choose rationally between alternative investments has been examined by economists under the rubric of investment decision criteria. The most basic rule of investment is that it should be

10.47925/2012.087

made in a way that maximizes the rate of return over cost, namely that out of all available options the ones chosen are those that achieve the most desired balance between costs and benefits.[13] Ideally, a list of investments ranked according to level of positive impact would be drawn up, with investments made in descending order until available resources are exhausted (although in practice it is more complicated, since once an investment is made, it can affect the desirability of other investments).[14] This means that when arts education is approached as an investment, one must establish not only that it will have a positive impact outweighing its costs, but that its overall benefits will exceed those arrived at by investing the same resources differently, for example in math education. In order, however, to compare the desirability of different investment options, the costs and benefits of every investment must not only be established and somehow aggregated but also predicted. In the case of investment in arts education this is not a simple task.

Traditionally, art educators have been more concerned with the process of learning the arts than assessing its outcomes.[15] In contrast, the view of arts education as an investment necessitates measuring its outcomes in order to establish its returns. Indeed, the PCAH report stresses the calculation of arts education benefits. It builds its case for arts education on research that shows its positive effect on pupils' academic achievements, motivation, educational engagement, thinking skills and social competencies (*RAE,* 15–27). It also calls for more research to be done on the benefits of art education, and particularly its impact on creativity (*RAE*, 54). The problem, however, is that in the case of arts education many of its benefits cannot be established. While it is relatively easy to demonstrate the extrinsic benefits of art education, namely its positive impact on areas that are not directly related to the arts, its intrinsic value seems to elude measurement. The impact of arts education on such things as the enjoyment of art, the ability to express oneself through art, the transformation of tastes, one's self image, emotional development, and artistic creation, are almost impossible to accurately assess and predict because of their personal, surprising, unique, and ambiguous nature. Consequently, when art education is approached as an investment these benefits are normally overlooked or are attributed only minor importance although they are probably the most significant outcomes of arts education.[16] The result is that when investment in arts education provision is compared to other routes of investment that yield easily measurable results, there is a systematic bias against the former because a relatively low proportion of its overall benefits are considered.

In addition, even when the intrinsic benefits of art education are taken into full account, the bias against it is likely to persist as long as the investment approach is embraced. There are two main reasons for this. Firstly, the unique, varied and unpredictable nature of many of the benefits of art education introduces an element of uncertainty into educational investment. In the case of arts education, attempting to predetermine its outcomes will not only be difficult but inexpedient because it is from art education's ability to take us to new, creative, and unexpected places that some of its greatest benefits are derived.[17] In the theory of investment, however, uncertainty is generally perceived as a hindering factor that reduces an investment's

10.47925/2012.087

attractiveness.[18] This means that when education is approached as an investment, the uncertainty involved in the outcomes of arts education will lead to other forms of education whose outcomes can be better predicted to be given preference when their potential benefits are equal. Secondly, for a number of reasons that will not be discussed here, under most (but not all) conditions an investment that yields immediate returns will normally be preferred to one that yields equal returns after a longer period of time. This is especially true when resources are scarce such as in times of financial crisis.[19] The preference for immediate returns is also likely to strengthen the bias against arts education because a relatively large proportion of its benefits, such as gaining a deep understanding of the arts that enhances one's enjoyment and appreciation of them, acquiring the ability to express oneself through art, and the development of creative thinking, are bound to take a long time to materialize.

In short, when the logic of economic investment is applied to decisions regarding the provision of arts education the fact that the latter's returns are relatively difficult to measure, unpredictable, and take time to manifest themselves will lead investors to underestimate its true value. When compared with other forms of educational investment in which the returns are easily calculated, predictable, and rapid such as professional or on-the-job-training, its value will be systematically underrated.

Investment in Obtaining Arts Education

Provision of arts education is only one facet of the investment in it; the other, equally important facet is the investment made by individuals to obtain it. The education-as-investment approach views individuals, like the organizations that provide education, as trying to maximize their utility, namely as attempting to optimize the overall cost-benefit balance of their investments. Here too, the costs and benefits are not just monetary but refer to all their possible aspects. Since the resources that individuals possess are always limited (even if the money available for investment is unlimited, time inevitably is), they have to choose the most desirable investment route among the ones open to them. According to the investment approach, the investment decision should be left to the individual himself because, knowing his own preferences better than anyone else, he can most accurately assess the personal costs and benefits of each investment and can therefore best judge how to invest most wisely.[20] In relating to education as an investment, however, individuals are even more likely than education providers to underestimate the value of arts education and to underinvest in it. The reasons for this will now be presented.

To begin with, the same factors that lead to a devaluing of arts education in the case of educational provision also apply when arts education acquisition is at issue. The fact that the returns of arts education involve a relatively high degree of uncertainty and tend to take a comparatively long time to emerge will naturally cause many individuals to refrain from investing in it. There are, however, at least two additional factors that negatively affect investment in arts education obtainment that do not come into play in the case of educational provision.

10.47925/2012.087

The first factor is that art is what economists term an experienced good, namely a good whose real value can only be estimated after it has been consumed. Although there are many exceptions to the rule, in most cases an interest in the arts does not arise spontaneously, but is rather the result of experience, training and learning.[21] Scitovsky writes: "To be stimulated and excited by the arts is an acquired skill which requires, at a minimum, some familiarity with a particular art form and previous exposure to it. One must learn to enjoy the arts."[22] Moreover, unless an individual has already invested in obtaining some training in art or in consuming it, she will normally not possess the ability to foresee whether she will develop a sufficient interest in art or will derive pleasure from it once she starts learning it.[23] It follows that when individuals face the initial decision of whether to invest in obtaining an arts education they see its full cost before they become fully aware of its benefits. It might be that once they have committed themselves to an education in art they will be able to appreciate the full benefits of their investment, but upon making the initial decision of whether to invest in such an education some of the major incentives are disregarded because they cannot yet be appreciated. While clearly there are also incentives for investing in obtaining an arts education that are unaffected by the arts being an experienced good, disregarding the benefits that are dependent on it will naturally result in a systematic underestimation of the desirability of the initial investment and consequently to an overall underinvestment.

An additional factor that has little impact on investment in arts education provision but does come strongly into play in arts education acquisition is that individuals invest only according to their personal interests. In deciding whether to invest in obtaining an education, individuals are supposed to base their decisions on an estimate of personal costs and benefits. They are not expected to take into account the social or public benefits of their investments. Arts education and the artistic development it supports have, however, when compared with most other fields of studies, many public and social benefits that do not directly affect the individuals making the investment — which is to say, in the language of economists, that they have positive externalities. The PCAH report itself enumerates positive social effects of arts education such as increasing tolerance, decreasing delinquency and drug abuse, enhancing political participation, and encouraging prosocial behavior (*RAE*, 15–20). The list can, of course, be expanded significantly, and also includes cultural enrichment, fostering national prestige, attracting tourists, and more.[24] While investment in educational provision is likely to take these social benefits into account, they will not necessarily form a part of each individual's decision to invest in obtaining an arts education since they do not have a direct impact upon her. The result is that here too, important benefits of arts education are ignored by the individuals making investment decisions and the true value of arts education is underestimated. This will further exacerbate the already existing bias against investing in the obtainment of arts education and will tend to result in a suboptimal investment in it.

The above discussion shows that, as in the case of arts education provision, applying the logic of investment to arts education acquisition is bound to lead to a

10.47925/2012.087

systematic underestimation of its benefits and consequently to an underinvestment in it. Moreover, since the investment in the obtainment of an arts education is negatively influenced by factors that do not affect the investment in arts education provision, the demand for it is likely to be much lower than if its full value were to be recognized. This low demand might also further hinder arts education provision, which is almost always affected by demand, thus resulting in an even larger negative bias against arts education.

On the Limits of the Investment Approach to Education

The two previous sections have shown that viewing arts education as an investment tends to lead to a systematic underestimation of its true worth. One possible way to deal with this bias is to argue that arts education resource allocation is a special case that should be not approached as an economic investment. Another possible course of action is to recognize the bias and to seek ways of amending it. Economists, for example, have long argued that due to the special characteristics of the arts, some of which are mentioned above, investment in the arts cannot be left to the market place alone because it has a tendency to misrepresent art's true value. Many economists maintain that in order to compensate for this, other mechanisms, such as public subsidies, must be introduced. Using a similar logic, it can be held that the state or any other entity should incur the costs of providing individuals with a basic arts education in order to better enable them to make an informed decision on whether to invest in it, and that providers of education must compensate for the bias against arts education by attributing an added value to investment in it (how high this added value should be is of course debatable).

More importantly, however, the examination of the intellectual origins of the negative bias against investment in an arts education brings to the fore the philosophical assumptions that underlie the investment approach to education. The bias against arts education, as articulated in the above discussion, stems from the investment approach's reliance on a number of philosophical assumptions imported from mainstream economic theory. Firstly, as we have seen, the investment approach assumes that what is measurable and predictable is superior to that which is immeasurable and unforeseen. Secondly, it assumes that, in general, processes that yield immediate returns are superior to those that take longer to materialize. Thirdly, it assumes that what really counts are outcomes rather than the process. Fourthly, it assumes that individuals are the best judges of their interests and that their preferences should be accepted as givens accordingly. The embracing of these assumptions from mainstream economics indicates that the bias toward investment in arts education does not only stem from the unique characteristics of the latter, but also from the logic of investment itself, and that it is, therefore, bound to affect other educational domains such as the humanities. The compatibility of these assumptions to the realm of education is, however, questionable.

Not only in arts education but also in many other educational fields, the highest and most desirable aims consist of things that can neither be measured nor predicted. Virtue, literary sensitivity, and scientific ingenuity are just a few examples of educational ideals that fall within these categories. Similarly, achieving many of the

10.47925/2012.087

highest educational ideals, including those just mentioned, demands a lengthy process. An emphasis on immediate returns can result, accordingly, in a marginalization of some of education's most important functions. In addition, as Jean-Jacques Rousseau and John Dewey have taught us, in education a major significance should be assigned not only to outcomes but also to the process that leads to them. Finally, from Plato to the present, it has been traditionally argued that education's *raison d'être* is the shaping, enlightening, and perfecting of an individual's preferences. How the economic assumption that human preferences should be accepted as givens can be harmonized with this long-established view of education is unclear. Although the compatibility of these assumptions to the realm of education must be analyzed more thoroughly in order to reach any meaningful conclusions, the preceding considerations begin to reveal the problems that arise from approaching education as an investment. Doing so advances a specific conception of education that relies on a rationale taken from another field whose suitability to the educational context is debatable, to say the least. This has far-reaching educational and philosophical implications that must be elucidated before education is approached as an investment. As philosophers, one of our roles, I believe, is to do precisely this. I hope that this essay has taken a small step in this direction.

---

1. President's Committee on the Arts and the Humanities (PCAH), *Reinvesting in Arts Education: Winning America's Future through Creative Schools* (Washington, D.C.: 2011). This work will be cited as *RAE* in the text for all subsequent references.

2. Catherine Z. Elgin, "Art and Education," in *The Oxford Handbook of Philosophy of Education,* ed. Harvey Siegel (Oxford: Oxford University Press, 2009), 319–332.

3. Mary Jean Bowman, "The Human Investment Revolution in Economic Thought," *Sociology of Education* 39, no. 2 (1966): 111–137.

4. Mark Blaug, "The Empirical Status of Human Capital Theory: A Slightly Jaundiced Survey," *Journal of Economic Literature* 14, no. 3 (1976): 827–855.

5. Theodore W. Schultz, "Investment in Human Capital," *American Economic Review* 51, no. 1 (1961): 1–17.

6. Gary S. Becker, *Human Capital: A Theoretical and Empirical Analysis with a Special Reference to Education* (Chicago: Chicago University Press, 1993).

7. Gary S. Becker, *The Economic Way of Looking at Behavior: The Nobel Lecture* (Stanford, CA: Hoover Institution Press, 1996).

8. Walter W. McMahon, "The Social and External Benefits of Education," in *International Handbook on the Economics of Education,* eds. Geraint Johnes and Jill Johnes (Cheltenham, UK: Edward Elgar, 2004), 211–259.

9. Tapas Majumdar, *Investment in Education and Social Choice* (Cambridge, UK: Cambridge University Press, 1983), 8.

10. Ibid., 23.

11. Jack Hirshleifer, "Investment Decision Criteria," in *The New Palgrave Dictionary of Economics,* eds. John Eatwell, Murray Milgate, and Peter Newman (London: Macmillan Press, 1987), 991–994.

12. Ibid., 994.

13. Irving Fisher, *The Theory of Interest, as Determined by Impatience to Spend Income and Opportunity to Invest It* (New York: Reprints of Economic Classics, 1965), 175.

14. Lester C. Thurow, *Investment in Human Capital* (Belmont, CA: Wadsworth Publishing, 1970).

10.47925/2012.087

15. Elliot W. Eisner, “Overview of Evaluation and Assessment: Conceptions in Search of Practice,” in *Evaluating and Assessing the Visual Arts in Education: International Perspectives,* eds. Doug Boughton, Elliot. W. Eisner, and Johan Ligtvoet (New York: Teachers College Press, 1996).

16. Stuart Richmond, “Art’s Educational Value,” in *Journal of Aesthetic Education* 43, no. 1 (2009): 92–105.

17. Eisner, *Overview of Evaluation,* 2.

18. Thurow, *Investment in Human Capital,* 24.

19. Fisher, *The Theory of Interest,* 61–99.

20. Thurow, *Investment in Human Capital,* 69–80.

21. William D. Grampp, *Pricing the Priceless: Art, Artists, and Economics* (New York: Basic Books, 1989).

22. Tibor Scitovsky, “Subsidies for the Arts: The Economic Argument,” in *Economics of Cultural Decisions,* eds. William S. Hendon and James L. Shanahan (Cambridge, MA: Abt Books, 1983), 12.

23. Ibid.

24. William J. Baumol and William G. Bowen, *Performing Arts: The Economic Dilemma* (New York: Twentieth Century Fund, 1966).

This research has been supported by the Israel Science Foundation (grant no. 665/11).

10.47925/2012.087