

Education, Entrepreneurship, And The President

Today, President Barack Obama addressed school children across America. Political emotions are running hot, the Drudge Report has highlighted the speech for days and it has been daily fodder for blogs, radio and television.

Personally, we believe that our children should learn to respect and honor the Office of The President of the United States of America – no matter who sits in that office or what their politics are.

Typically, students are exposed to politics and government indirectly through their parents, teachers, or the media, and more directly on their eighth-grade trip to the state capitol or to Washington, DC. Reversing this process, by bringing the politician into the classroom, is what bothers people.

So, why are we writing about this? Because the speech is about economics, that's why. The President told the kids, "Every single one of you has something you're good at. Every single one of you has something to offer. And you have a responsibility to yourself to discover what that is. That's the opportunity an education can provide."

He adds, "Maybe you could be a good writer...maybe you could be an innovator or an inventor...maybe you could be a mayor or a Senator or a Supreme Court Justice...You can't just drop out of school and drop into a good job. You've got to work for it and train for it and learn for it." Good stuff.

"Where you are right now doesn't have to determine where you'll end up. No one's written your destiny for you. Here in America, you write your own destiny. You make your own future." Great stuff.

These are the things many of us tell our kids every day. The American system of free market capitalism and democracy has provided an amazing array of opportunities for those willing to work hard. In America, unlike under communism or feudalism, freedom not only allows choices, but provides them. In the Soviet Union, at the height of communism, the government planned just about everything.

It decided on individual careers (who would be a doctor or bus driver). It divvied up the pie. In a free market, the forces of supply and demand do this. They push and pull people to sectors and jobs that best utilize individual talents – where people are the most gifted.

As a result, resources (labor and capital) are shifted to where they are best used and most profitable. Entrepreneurs who treat capital well are rewarded with more of it, while those that treat capital poorly face the loss of it. Education is an important step in this environment, and increases the odds of success, but it does not provide a guarantee of success.

In fact, public education (especially in the inner-city) is failing many children as the President speaks. And it's not all the kids' fault. The schools are publicly run and face little to no competition. Vouchers, which would provide that competition, are universally condemned by teachers' unions because they don't like competition. In a competitive environment, voucher money would leave public schools and so would students to go to schools that worked.

Nonetheless, the President finished his speech by saying, "Your families, your teachers, and I are doing everything we can to make sure you have the education you need...I'm working hard to fix up your classrooms and get you the books, equipment and computers you need to learn. But you've got to do your part too."

This is the one part of the speech we completely disagree with. While we certainly understand the President's desire to be the bearer of all gifts to all people, it is not his money or time that is supporting the school system. Hard-working American taxpayers are the ones supporting the school system with their tax dollars. And it's their children attending the schools. In a truly free market system, they would be the ones that directed the resources. But the public school system is not a free market. As a result, the government directs the resources and the system remains inefficient and less effective than it could be.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
9-8 / 2:00 pm	Consumer Credit - Jul	-\$4.0 Bil	-\$7.0 Bil	-\$21.6 Bil	-\$10.3 Bil
9-10 / 7:30 am	Int'l Trade Balance - Jul	-\$27.3 Bil	-\$27.4 Bil		-\$27.0 Bil
7:30 am	Initial Claims - Sep 5	560K	566K		570K
9-11 / 7:30 am	Import Prices - Aug	+1.0%	+1.0%		-0.7%
7:30 am	Export Prices - Aug	+0.1%	-0.1%		-0.3%
9:55 am	U. Mich. Consumer Sentiment	67.5	69.0		65.7