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L I E S
DAMNED LIES
AND COLLEGE ADMISSIONS

AN INQUIRY INTO EDUCATION

PROLOGUE

The Ivy League had a problem.

At first glance, the early 1900s had been great for colleges, particularly Ivy League colleges. Thanks to brilliant marketing, more and more people were hoping to attend college. Using the College Entrance Examination Board tests, colleges were trying to find and admit the hardest-working, most brilliant students.

That part was working. The most serious, brilliant, dedicated students were getting into American colleges. The problem was that an increasingly large percentage of those students were Jews. In fact, according to Malcolm Gladwell, by “1922, they made up more than a fifth of Harvard’s freshman class.” (“Getting In,” 2005)

If you know anything about Jews, you know that many of them have an annoying habit of academic excellence. Jews just love doing well in school, learning, and taking education seriously. They often excel at math, science, reading, and writing. And for whatever reason, that was grossly offensive to the admissions departments of Ivy League universities.

They needed to find a way to keep the Jews out. Perhaps they first thought about changing the admissions tests. But they quickly would have realized that the Jews would just adapt and prepare for the new

tests. Basing admissions on grades alone wouldn't really work either, since Jews would just get higher grades. Likewise, basing admissions criteria on swimming races would simply inspire Jews to improve their swimming techniques. It seemed that no matter what rational, objective, transparent, predictable admissions process universities used, Jews could excel at it.

Those on the admissions boards who were particularly farsighted recognized that this was not just a Jew problem. If Jews could excel, what would stop Spaniards, Poles, and Asians from excelling, and polluting the Ivy League with their excellence?

The colleges needed something completely subjective and arbitrary. Obviously, they needed to eliminate any transparency from the process; no one could know what the rules of admission were. Otherwise, the admissions boards might have to actually hold themselves to some standardized system of rules, and then Jews could just follow that set of rules. Obviously, the admissions criteria could not be objective, since any objective and intelligent criteria would let the best students in. And once again, those criteria would probably lead to the presence of too many Jews.

Eventually admissions boards developed the perfect system, one that would allow them to reject applicants based on any whim or prejudice. The process would have no transparency whatsoever, nor would it follow any kind of objective criteria. For example, according to Gladwell, in order to keep out Jews, colleges started looking at clothing, speech, and even "manliness." This completely subjective system would allow colleges to keep out not only brilliant Jews, but also brilliant Chinks, Japs, Darkies, Injuns, Wops, and the like.

The modern American college application was born.

1. THE ROT

“Your grades and SAT scores will get your application looked at,” I explain to the student, “But your extracurriculars, recommendations, and especially your essays will determine whether or not you actually get in.”

“Excuse me,” interjects the father in a Russian accent. Many of my clients come from the World Bank and International Monetary Fund. He points skeptically at the common application printout. “Did you just say that the answer to these essay questions can determine whether a student gets in?”

It’s the same look of astonishment I have gotten from Indian, German, Chinese, Japanese, and Korean families. They are often graduates from some of the most rigorous universities in the world, and successful enough to afford my fees.

“Yes,” I reply. “To get into one of these schools your essay has to be excellent, and to convey certain personal qualities.”

He shakes his head. His son, my student, tries to explain, but the father demands, “But these questions are silly. How does the answer to this kind of question tell anything? You mean to say that a person can have the best grades, the best SAT scores, and not get in?”

“Yes. That can absolutely happen.”

“But that is ridiculous!”

I nod. Sometimes you need an outside perspective to remind you just how insane your own culture has become.

“Tell me, you have actually heard of this? A person does not get because of the essay, but he has the grades and the scores?”

“Yes.”

He looks me dead in the eye, with a cold interrogational gaze. “This has happened to people you know?”

“It happened to me.”

I once saw a painting called *Systemic* by American artist Billy Reynolds. The female subject of this painting has eyes that are slightly dull, teeth slightly discolored. But these minor surface flaws indicate that a deeper rot has spread throughout the entire body. The painting shows that the organs themselves are diseased.

When I first started writing this book, I intended it to be almost exclusively about the college application process. But as I started writing and researching, I realized that such a book would be a half-truth. It would be like discussing American racism without discussing slavery, or discussing the American Revolution without discussing taxation.

The college application process is like one of those minor surface flaws that indicates a deeper cultural rot, and this rot is the true subject of this book. The following chapters analyze college admissions, college education, high school education, and other aspects of current American culture to show the far reaching and pernicious effects of the modern college admissions process.

The modern college application was born from anti-Semitism, but that does not explain why it continues to exist. Take a look at other anti-Semitic groups. The KKK continues to exist, but it has lost most of its power and relevance. At the same time, colleges

have gained more dominance. A university degree is required for most white-collar jobs. Other forms of higher education—apprenticeships, etc.—have lost their positions as significant competitors to college-based education. In fact, there is a pervading sense that education doesn't count, unless it comes with a college's seal of approval. Simply put: we now believe that you don't really know something unless a college says you do.

Despite its roots, the modern college application is no longer a manifestation of anti-Semitism or racism. It has become something far subtler than a tool of prejudice.

My own fascination with college admissions began with my own experience. In high school, I had the highest standardized test scores in my graduating class. I had the highest PSAT and SAT scores—790 in math and 790 in verbal. I earned the highest possible score on ten different AP tests. I had started a few clubs and organizations, and risen to the top of other ones. I took my first college course at age 13, and by the time I graduated, I had taken four college courses and gotten all As. My grades were among the highest in my graduating class. When you considered my course load, my profile looked even better—I was a year ahead in math, a year ahead in Latin, and had taken the hardest science, English, and history courses that the school offered. I had done community service in the United States and in India. I played varsity tennis, and played the flute in the school band. I was on excellent terms with most of my teachers. Everyone expected me to get in everywhere.

When the rejection letters started coming in, I was nonplussed. I was rejected by many of my reach schools, but more surprisingly, I was even rejected by schools the college counselors had considered to be my safety schools.

By some miracle I got into my second choice school, Brown University. Although things had worked out, I became obsessed with understanding what had happened. I quickly figured out that I had been one of those unfortunate situations of “great product, bad marketing.” I had completely failed to present myself effectively in my essays.

I resolved to learn exactly how to do good marketing. I read books on the subject, took the most relevant classes, and even got internships to learn better methods of presentation.

When I founded Arvin Vohra Education in 2001, I was able to translate that knowledge into financial success. I began teaching others what I had learned and helped them develop the kind of essays that actually worked. Because of the program’s early successes, it rapidly became one of my most popular offerings. As demand for my services skyrocketed, I had to raise my rates again, and again. Despite those increases, there was soon a six-month waiting list for my tutoring and college application development services.

By the time I was 24, I had bought an expensive sports car, a Rolex, all kinds of expensive electronics, and various other things that 24-year-olds consider cool. The very system that had initially frustrated me was now making me financially successful.

But that system was also troubling me. As I became more involved, I learned about the sheer amount of dishonesty in the process. Few students wrote their own essays. Instead, essays were often a collaborative effort that involved the student, the parents, friends, siblings, teachers, and professional writers. (In high school, I had made the mistake of writing my essays on my own.)

I had a policy that I would not write anyone’s essay. I would

teach each student how to write an essay, help him through each part of the process, and help edit the final product. However, my goal was to educate, not to do students' work for them.

Unfortunately, most college application companies did not have the same moral restriction. In fact, many companies simply required that the student submit a resume and general essay topic, and they would take care of the rest. Other companies did not even require that much. They would make up the whole thing. These services started at around \$10,000, and were obviously only accessible to the wealthy.

Two things surprised me about this. The first was just how widespread the practice was. Among the upper-middle class and the upper class, it was unheard of to find a student who wrote his own essay without help. The second thing that surprised me was the lack of outrage over that practice. Can you imagine what would happen if it were known that the wealthy could simply purchase higher SAT scores? Not get training, or practice, or tutoring, but actually flat out buy the higher score? Can you imagine the fury if it was discovered that many students had their parents take the SAT on their behalf?

When I tell people about the practice of having professionals write a students' college application essay, there is never that kind of outrage. In fact, even as I write these words, I myself don't feel particularly outraged. I don't think I ever really did.

I don't think it is apathy or general indifference that makes people so indifferent to this practice. I think it's a deeper recognition of just how absurd the system, as a whole, has become. While few people particularly like the SAT, and while many have criticized its methodology and relevance, most people generally agree that it is reasonably fair and objective. If you get a problem right, you get a

point; if you don't, you don't get the point. The recent analyses that the test may have cultural biases suggest at most that the test is slightly slanted, not fundamentally absurd.

But no assumption of fairness or objectivity exists with college essays. At a deep level, we recognize the process as so fundamentally lacking objectivity that when a student buys a college essay, it is seen as a relatively small dishonesty compared to a bigger Dishonesty. Sure, it's unfair that Fred had his mom, who happens to be an English teacher, write his essay. But that is much less unfair than the fact that essays are such a major part of the application in the first place.

The parents of many of my students are Asian and European immigrants who are unfamiliar with the American college application process. When I first explain to them the importance of essays within the college application process, they are often astonished. How is it possible that something so arbitrary and weird determines something as important as college admissions?

The college application has become one of the unreasonable absurdities that we are supposed to accept. Just as we are supposed to accept that tax money will always get wasted on the dumbest projects imaginable, we are also supposed to accept that our answers to silly essay questions will determine which colleges we get into. Just as we accepted our government's invading Iraq after America was attacked by groups in Afghanistan, we are expected to accept a college admissions process that places more emphasis on "intangible qualities" than on facts.

You can tell how mentally oppressed a people are by how absurd a practice they are willing to accept. The fact that we, as a people, accept the current college admissions system is an indication of just how helpless and fearful a people we have become.

But our college admissions processes are much more than indicators of this kind of helplessness. They are actually part of the cause.

In this book, I am going to challenge our cherished image of college education. But to make sure that doesn't suggest that I hate education, or am looking to rationalize recent academic shortcomings, I'm going to share a little bit more of my background.

My focus on education and academics continued after college, as did my performance on standardized tests. I earned perfect GMAT and GRE scores. I finished the GMAT with an hour and a half to spare, and I finished the GRE with an hour and forty five minutes to spare. I used to work as an actuary. Actuaries use intensive math and economics to calculate risk. Part of the process of becoming an actuary is taking the legendary actuarial exams. I took two in a single testing period, and passed both.

Since 2001, I have run a private educational company. Our innovations include adaptive vocabulary and language learning software based on an algorithm that I developed (Vocabulary Synapse, Mandarin Synapse, etc.). I also developed an approach to speed reading that actually works on advanced material. In fact, I used it to finish the GRE and GMAT as quickly as I did. My educational system, called the Vohra Method, allows individualized education in a large group setting, and other companies have licensed parts of my curriculum. A large fraction of my students get perfect scores in one, two, or all three sections of the SAT, as well as on SAT Subject Tests and APs.

My other book, *The Equation for Excellence: How to Make Your Child Excel at Math* has been published in both the United States and China, and even featured on Channel 9 (CBS) News in the Washington, D.C. area.

Just for the record, I don't mention my standardized test scores

and those of my students to suggest that I consider them my greatest educational achievements. I don't—real educational achievement has much more to do with creative and independent thought, which is unfortunately much harder to quantify in a few sentences.

This book will analyze the current college situation in terms of economics, psychology, history, marketing, religion, and culture. I will discuss high school education, college education, economic policies, and even medieval history. Through this multi-pronged analysis, I hope to shed light on the fundamental problems in our college admissions system, as well as the massive and devastating repercussions that system has had on American education as a whole.

2. THE ECONOMICS OF HIGHER EDUCATION

“It is written, ‘My house shall be called the house of prayer;’ but ye have made it a den of thieves.” –Jesus

When you think of services that cost over \$100 an hour, they are usually personalized and high-end. Celebrity hairstylists, massage therapists, elite tutors, private gourmet chefs, primary care doctors, and professional photographers fall in that range. In D.C., tutoring from a college professor usually costs anywhere from \$50-\$150 per hour, with most hovering around \$100 per hour. Tutoring from a graduate student is around \$50-\$75 per hour. It’s a bit more in Manhattan, about the same in Boston, much less in New Haven, and dramatically less in non-urban areas.

A private college currently costs around \$40,000 per year. With room and board, textbooks, etc., it’s closer to \$50,000. Most classes meet about 3 hours per week, and college is in session for about 30 weeks out of the year. Most students take 4 classes. In other words, \$40,000 gets you about 360 hours of lecture. That is equivalent to \$111 per hour.

Of course, that \$40,000 covers more than lecture. It also includes opportunities to work on the school newspaper. But you can write a

blog for free, and if you get good enough, you can get paid to write for a local newspaper. That \$40,000 in tuition also includes access to a gym, but you can get a high-end gym membership for \$50-\$100 a month (\$600-\$1200 per year). That's less than what most students pay for textbooks in a single year. That \$40,000 in tuition also gives you the opportunity to network, but there are free networking events in every city in the country; Facebook, LinkedIn, and Meetup also give you the chance to network. And, if you want to spend time with really smart people, you can join groups like Mensa, which have free and low-cost events in every city.

Thus, most students in private colleges pay over \$100 per hour for lecture. That is more than the cost of getting many of those same professors to tutor you, one-on-one. In fact, it's more than the cost of getting an expert in almost any academic field to tutor you, one-on-one.

Moreover, private tutoring allows your tutor to tailor the curriculum to your needs by considering your interests, needs, strengths, and weaknesses. Each hour you spend with a skilled tutor is far more effective than an hour spent in lecture.

But in college, you sit in a room and listen to a lecture for \$111 per hour in a room with anywhere from 15 to 500 other students. In other words, you pay more for college tuition than you would for a private tutor, but you are paying more for a substantially inferior service.

But you know what? If you were going to hire someone to teach you privately, it might not be the same professors who would teach most of your classes at a university. Many college professors are not particularly good at (or interested in) teaching. Few enter academia in order to teach. In fact, many college courses are taught by teaching assistants or graduate students. Many professors have little to no

interest in teaching undergraduate students. So while you could hire professors for private tutoring, you might instead hire experts who are more interested in teaching—and better at it, too.

Or you might decide to save some money. You might watch lectures on DVD, or attend lectures by visiting experts, economists, motivational speakers, etc. for a reasonable fee. For example, in Washington, DC, attending a lecture is usually \$0-\$30 per hour.

But instead, students across the country pay over \$100 per hour for low-quality service in the form of a university education. But why does that happen? Why do students pay so much for teaching that is often mediocre, provided primarily by uninterested professors and inexperienced grad students? Why are parents willing to save and borrow for that mediocrity? Why do students burden themselves with massive loans? Is it for the college binge drinking and drug experimentation that supposedly helps students mature? Is it because American parents see the starry-eyed or hung-over college student as the emblem of individual strength, and desperately want their kids to be naïve and drunk?

No matter how you calculate the numbers, the quality of the education provided just doesn't seem to come close to the cost. The stamp of approval may be worth it—it is easier to get a job with a college degree. But the value of the educational services provided does not begin to balance the exorbitant costs.

As a final comparison, let's see how college tuitions compare with those at expensive private high schools. In the DC area, elite private schools often cost as much as \$30,000 per year. (Other private schools charge as little as \$5,000 per year, but the really expensive ones charge as much as \$30,000 per year.) But that includes about 8-10 hours a day of schooling, including music, art,

and sports instruction. They are in session for 180 days a year. That comes to a little over \$20 per hour. In other words, the private schools that cater to the ultra rich charge \$20/hour of instruction. On the other hand, the private colleges that try to attract people in all financial circumstances charge over \$100 per hour of instruction. Something doesn't add up.

INDULGENCES

In the 1300s, the Catholic Church began selling indulgences. If you committed a sin (and in the Catholicism of the time, many normal behaviors and even *thoughts* qualified as sins), you could buy an indulgence from an appropriate member of the Catholic clergy. This meant that your sins were forgiven, and you would still go to heaven (or spend less time in purgatory).

At first, indulgences were probably moderately priced and sold only to the rich. But as time went on, the price increased and the target market expanded. Soon working-class peasants were saving up money to buy indulgences. They would forego buying other, important things in order to purchase indulgences from the professional pardoners. (Sound familiar?)

The indulgences were, of course, completely worthless. Many who bought them probably suspected their lack of value, but were too afraid *not* to buy them. They might have thought something like, "If I don't buy this, I might end up in hell. Better safe than sorry."

So they continued to beggar themselves and their families in order to buy these indulgences. This allowed the Catholic Church to fund the construction of ostentatious new churches, finance the Crusades, pay for jewels and decorations, etc.

Nowadays, people spend years saving up for college tuition.

Even those who recognize how ridiculous the fees are, and how mediocre the actual education is, continue to beggar themselves to buy college educations for their kids. Even those that know that \$10,000 worth of textbooks and tutors will produce an education far superior to \$200,000 worth of college *still* choose college. The college stamp of approval has almost the same mystical and questionable value that indulgences must have had.

Parents think something like:

“If I don’t buy my child this overpriced college education, he might end up working at a fast food restaurant, instead of in an office. Better safe than sorry.”

In the case of the Catholic Church’s indulgences, a monk named Martin Luther presented 95 theses, many of which challenged the validity of indulgences. He also challenged the notion that individuals need priests to access holy teachings. Instead, he argued that anyone who could read the Bible did not need priests to serve as translators.

In modern America, oppressively high college tuitions fund the absurd extravagances of each university: high-tech equipment that students are never allowed to touch, million-dollar presidential salaries, grandiose ballrooms and chapels, and expensive sports teams, the vast majority of which lose money.

Today’s universities have become a lot like the pre-reformation Catholic Church, and “higher” education has become our national religion. Just as the Catholic Church convinced people that they need priests to interpret the Bible, colleges have tricked us into believing we need indifferent professors and inexperienced grad students to accomplish what a library card, an Amazon account, and a few tutors could do better at a tenth of the price. And just as the Catholic Church convinced the people to save and scrimp in order

to buy indulgences, modern universities have convinced us that we need to scrimp and save to buy their stamps of approval. The selling of indulgences was irresponsible and criminal. I believe that the price gouging done by modern colleges is no better.

But the first question is why? Why would colleges do that? What could they possibly have to gain? Colleges are nonprofit organizations, so there can't be any financial motivation. They are apolitical, so there cannot be any political motivation. Aren't they supposed to be pure-hearted bastions of learning? What could they possibly have to gain by twisting our educational system?

WHAT EXACTLY IS A NONPROFIT?

The word "nonprofit" is often misunderstood to mean that the company makes little or no money. We often assume that those who work at nonprofits barely make a living wage. The image of recent college graduates living with 12 roommates and eating ramen noodles every day comes to mind.

In fact, the "nonprofit" label only means that the company has no stock or profit-sharing bonuses, and must conform to certain rules. It cannot be privately owned, and must instead be run by a board of directors. Members of that board cannot sell shares in the nonprofit. But that does not mean that those who work at a nonprofit necessarily have low salaries.

In for-profit companies, CEO profit-sharing bonuses are often quite large compared to their salaries. These bonuses are calculated after the company's profits are determined. Thus, a CEO may have a salary of \$250,000, but receive bonuses of \$500,000. If a company does well, then its CEO can have quite large bonuses. For example, in 2010, the CEO of Sony made about \$4.5 million (including bonuses).

A nonprofit company is not allowed to give those kinds of profit sharing bonuses. That means that they cannot wait to see how much revenue comes in before deciding how much to pay the CEO. Thus, they have to determine the CEO salary at the start of the year, not at the end of the year.

The CEO of a for-profit company may make \$250,000 in salary, and then get \$500,000 in bonuses. The CEO of a nonprofit company may instead make \$750,000 in salary.

The CEO of the Red Cross makes about \$500,000 per year, plus a signing bonus of about \$65,000. (Note that this is not a profit-sharing bonus, but instead a signing bonus.) The president of Harvard, on the other hand, makes over \$800,000 per year. In 2008, 30 college presidential salaries were above 1 million. Compare that to the President of the United States, who makes \$400,000 per year.

And this is not just about the presidents of universities. According to Andrew Hackett and Claudia Dreifus, authors of *Higher Education?: How Colleges Are Wasting Our Money and Failing Our Kids - and What We Can Do About It*, “Yale’s full-time faculty members now average \$129,400, up 64 percent in inflation-adjusted dollars from what they made in 1980. (Pay in other sectors of the U.S. economy rose only about 5 percent in this period.)”

Harvard University’s endowment (cash, stocks, bonds, not including buildings) is currently around \$27 billion. In contrast, GEICO, the #1 direct channel insurance seller in the country, has total net assets, including buildings, reserves, stock, bonds, etc., of only \$17 billion. People say that insurance companies are all about money—and they are right. But what does it say when Harvard has more money than organizations that are supposed to be “just about money”?

TUITIONS RISING

These days, every politician seems up in arms about rising medical costs. Some want to cut doctor salaries, some want to cut subsidies to pharmaceutical companies, some want all healthcare to be paid by taxes.

But since 1978, college tuitions have been rising dramatically faster than medical costs. Vice President Joseph Biden told Syracuse.com that “[college tuition] exceeds health care in terms of escalation of costs relative to earning capacity.” According to economist Mark Perry, “College tuition and fees in the U.S. have risen 7.74% annually since 1978, which is about twice the inflation rate for all goods and services (3.9% per year), and even higher than the average annual increase in the cost of medical care (6% per year).”

As those annual percentage increases compound, tuition increases have become ridiculous. According to Andrew Hacker and Claudia Dreifus, between 1980 and 2010, tuition at Pomona College went up 2.9 times—and that is after adjusting for inflation. Williams College’s tuition went up 3.2 times. The University of Southern California’s tuition went up 3.6 times. State Schools can be even worse—the University of Illinois’ current tuition is 6 times what it was in 1980.

Much of that money is spent on non-educational areas. According to Hacker and Dreifus, currently 629 colleges have football teams. 615 of them lose money.

In fact, according to Neal McCluskey and Chris Edwards at the Cato Institute, “College students devote 3.2 hours to education on an average weekday, versus 3.9 hours to ‘leisure and sports’.” Note that this 3.2 hours includes homework—it’s not all lecture. This data came from the 2008 Bureau of Labor Statistics.

And remember those massive increases in professor salaries? Is that really increasing the quality of teaching?

Not exactly. Colleges often sell prestige more than education. And to do that, you need to get famous professors on your staff—Nobel Prize winners, etc. Those professors are expensive.

If a top athlete wears a particular brand of sunglasses, it doesn't affect the quality of the sunglasses. It's not as if the athlete designs the sunglasses.

But it does make the sunglasses seem cooler. Thus, companies pay athletes and actors huge sums of money to wear particular sunglasses. And then they pass that extra cost to the consumers.

Something similar happens in universities. They pay big-name professors a lot of money. But those professors don't necessarily teach undergraduates. In fact, they don't necessarily teach at all. Part of the hiring negotiations often involves giving the famous professor fewer classes, or even no classes.

When Hackett and Dreifus were writing their groundbreaking analysis, they noticed that "At Williams College this year... three of seven religion professors are taking off all or part of the academic year."

PRICE DISCRIMINATION

In economics, a person's willingness to pay is the amount of money they are willing to pay for a specific good. For example, the following chart indicates the absolute maximum a person is willing to pay for an apple, if that person were really craving an apple.

Bill Gates	\$50,000
Doctor	\$40
College Student	\$2
Someone with financial problems	\$0.30

Suppose there were only one apple seller in the world, and he controlled all the apples. Also, suppose it costs him \$0.10 to produce an apple. He would want to charge Bill Gates \$50,000, charge the doctor \$40, the college student \$2, and the last person \$0.30.

That's what you see in third-world flea markets. If your clothes and accent are American, you will probably pay more than a local who is great at acting impoverished. You see something similar with cars—the price is marked artificially high, and then you negotiate down as well as you can. Neither third-world flea market prices nor car prices are based on your actual income, but instead on your negotiation skills.

Even normal stores do something similar. They set the price artificially high, and then send out coupons. If you are a doctor with less free time, you might not have time to find the coupon, so you end up paying a bit more. If you have time to look for coupons (because you're unemployed, for instance), then you end up paying a bit less.

The businesses that don't do this often have to make a conscious choice to be more ethical in their pricing. When I first started my education business, I used to do mostly in-home tutoring. I certainly had the option of doing what most tutors were doing: first look at the size of a person's house, and then decide how much to charge. The decision to have fair, equal, and above-board pricing was one of the major reasons for the growth and success of my business. While I wasn't squeezing every possible cent out of my clients, I was gaining their trust.

But what would a sleazy, price-manipulating salesman really like to do? In his ideal world, he would first love to get a glance at your bank accounts and tax returns, and then after that decide how much to charge you. If you made a lot of money, he would charge you the

maximum, and that maximum would be ridiculously high. If you made less, he would figure out the maximum you could possibly pay, and then charge you that amount.

Such a salesman would, of course, be universally hated. But if that salesman were truly shameless and could have everything his way, he would want to be loved and respected for this preposterous practice.

Of course, no used car salesman or dishonest flea market merchant has ever been able to pull that off. They don't get to see your tax returns or bank accounts, and if they somehow did, they certainly wouldn't expect to be loved for their transgression.

But colleges do exactly that. They begin by setting the tuition ridiculously high. Then, they give "discounts" (in the form of financial aid) only after a thorough review of a person's bank accounts and tax returns. They figure out the maximum a person can pay, and then charge exactly that amount.

And what is more incredible, that with their brilliant marketing, they actually manage to trick people into respecting them for it.

Average person: Those department stores just jack up the price, and then put stuff on "sale". Don't believe those swindlers.

Average person: Never pay the sticker price at a car dealership. Those car companies just jack up the price, and then let you feel like you are getting a good deal when you bargain down to the real price.

Average person: Watch out at third world flea markets. They set the price ten times as high, and then make you feel like you're getting a bargain when you get 50% off.

Average person: Wow, I really respect the financial aid practices of colleges in America!

Colleges have actually managed to put a positive spin on the sleaziest possible pricing practice. They first jack up the price absurdly

high. Then they literally look at your bank account and tax returns. Then they figure out the maximum you could possibly pay, and charge you that amount. If you have enough money, they just charge you the maximum tuition.

The data speaks for itself. 70% of Harvard students receive financial aid (according to Harvard's own website). Are we expected to believe that 70% of Harvard students are impoverished? Did 70% of Harvard students grow up in government housing and eat at soup kitchens? Did 70% of Harvard students grow up on welfare and food stamps?

Obviously not. In reality, colleges like Harvard just jack up their prices absurdly high, and then charge you the maximum you can pay (after looking at your private financial information).

And Harvard is hardly the exception. Two thirds of all undergraduate students get some kind of financial aid. In comparison, the poverty rate is about 12% in this time of economic recession, and those who attend college tend to be from wealthier income brackets anyway.

“Financial aid” is a way for colleges to charge everyone as much as they can possibly pay. It has allowed them to take the standard dishonest pricing of a sleazy salesman to truly spectacular heights.

PHASE 2: SUBSIDIES.

Price discrimination is a great way to maximize revenue and drive up costs. But you can, in theory, actually do better. Here is how:

1. First, you set the price really high.
2. Then, you charge students the most they can pay.
3. Then, you get the taxpayers to pay part of the difference.
4. Finally, you get the taxpayers to pay the full difference!

Right now, we are in phase 3. Colleges have successfully gotten federal and state governments to pay part of their artificially-inflated tuitions, through federal and state financial aid. And while the taxpayers support them, colleges blithely continue to skyrocket their rates.

“Federal Financial Aid” is really just a nicer way of saying “College Bailout.” Colleges have become as inefficient and bloated as the American auto industry. Their extravagances have become so expensive that a reasonable tuition will not cover them. But unlike Wall Street or the Auto industry, which required a short-term bailout, colleges have managed to get a permanent, long-term, taxpayer bailout: each year, taxpayers pay billions in aid to colleges that cannot manage their finances. And that number constantly increases—even during recessions. From 2009 to 2010, federal spending on financial aid went from 25 billion to 41 billion, a 72% increase. This was not just an increase in numbers of students receiving aid due to the recession. The maximum Pell Grant amount increased by \$500 to \$5350, and a new \$2500 tuition tax credit was added.

In fact, these financial aid subsidies actually *encourage* colleges to skyrocket their tuitions. The higher tuition a college charges, the more financial aid they receive from the taxpayer. This means that colleges are actually punished for charging less and rewarded by the government for charging more. According to the Boston Globe:

“F. King Alexander, president of Murray State University in Western Kentucky...also an economist, thinks federal policy discriminates against institutions like his that have labored to keep costs low. (Murray State costs about \$3,400 a year for in-state students.)”

In other words, the Federal College Bailout is encouraging higher tuitions—with great success. According to Neal McCluskey and Chris Edwards:

“The average real cost (in 2006 dollars) per student rose from \$18,122 in 1986 to \$30,497 in 2006, a 68 percent increase. But students didn’t bear that large increase because of grants, loans, and tax benefits. After these benefits, the cost grew from \$10,943 to \$14,158, a much more modest 29 percent increase.”

In other words, Federal subsidies may actually be encouraging colleges to increase their tuitions more than twice as fast as they otherwise would have. After all, the higher the tuition, the more they get from the taxpayer. Thus, instead of finding ways to reduce tuition, they find ways to increase tuition. If instead they had the incentive to reduce tuition, they might find ways to do it.

Colleges have gotten to phase 3: getting the taxpayers to pay for part of their tuitions. But there is no question that they are working hard to get taxpayers to pay for a higher percentage of tuitions—maybe the whole thing. As previously illustrated, in 2009, they managed to get a 16% increase in the maximum federal Pell grant. And there is no question they are angling for more.

Here’s what a speech by a university lobbyist might look like: “Higher education can no longer be the privilege of the few, but the right of all citizens. If our country is going to thrive in this global economy, we need to make sure that our citizens have the education that will prepare them to succeed in this new marketplace.”

Translation: “We have successfully emotionally manipulated the American people to pay massive amounts for an education not worth a tenth the cost. But why use emotional manipulation when you can just use force? Why should we ask for your money, when we can just get the government to take the money from you and give it to us? See, if we ask for your money, we have to at least give you something in return. But if we get tax subsidies—then we don’t really have to

answer directly to our customers. And just to see how dumb you are, we'll pretend that more anthropology majors will somehow allow our country to 'thrive in the global economy.'"

And if I were writing the follow-up speech a few months later, I would write something like this:

"Technology costs, lab costs, and building costs are going up. We project costs will increase by as much as 30 percent. We will increase tuition only 10%, but need everyone to donate as much as they can."

Translation: "Now that we are getting subsidies, we would be stupid if we didn't raise rates. But we are also going to distract you from our greed by making you feel guilty about not donating enough."

College tuitions have been rising at twice the rate of inflation. Are we expected to believe that these ludicrous tuition increases reflect increasing costs? Do computers cost more now than they used to? Does electricity? Do books? Do labs? What are these mysterious overheads?

To quote former education secretary William Bennet:

"Higher education is not underfunded. It is under-accountable and under-productive. Our students deserve better than this. They deserve an education commensurate with the large sums paid by parents and taxpayers and donors."

TECHNOLOGY AND PRICE

The costs of technology usually decrease over time. 1000 megabytes of RAM costs less today than 1 megabyte did 20 years ago. This is not a reflection of the cost of raw materials, but a reflection of better understanding of the methods and processes required to reliably produce the product. It applies not just to computers, but to any area in which methods can be refined.

As you get better at something, you can do more with less cost. In my own education company, I have experienced this directly. Between 2008 and 2010, I refined the educational methods used by my company to drive costs down by 87%, with no reduction in quality. By being creative and innovative, I was able to create an almost 90% reduction in fees.

Doing so was hard. I had to be creative, come up with clever solutions, etc. And, of course, I had the incentive to do so. The stock market had crashed, and the pool of clients that could afford higher rates had dwindled. It was either innovate or perish.

My new approach, which I called the Vohra Method, was an important step in my company's foray into non-linear, scalable education.

At the same time, I built a few software programs, driven by my Synapse algorithm, which makes memorization easier. This was another way to offer excellent education at a lower price. Again, hard to do, but I had the incentive and ability to do it.

The point of this is not to illustrate my resourcefulness. The point is this: imagine how much colleges could drive the price down, if they tried. What kind of cost savings could such a powerful brain trust of economists, computer programmers, media theorists, and education experts come up with? If they had the slightest incentive to do so, there is no limit to how effectively they could lower the costs of higher education, and make it actually affordable to everyone. If, instead of having government incentives to raise their tuitions, they had the normal demands of the market telling them to lower them, what could the thousands of PhDs working in colleges come up with?

How would they do it? I have a few ideas, but I bet the combined brainpower of university professors in America could do a lot better.

With incentive and innovation, education can have the same improvement in quality and reduction in cost that we have seen in the computer industry and even the education industry.

Here are a few really basic ideas.

1. College courses are generally a mix of lectures, during which you don't ask questions or have any discussions, and seminars, in which you have small group discussions. The lecturers cost the university much more than the discussion leaders, since bigger name professors often do the lectures.

The lectures can easily be replaced by recorded lectures. Thus, instead of paying a \$250,000 salary, a college can pay the much lower licensing fees for recorded lectures. This might actually allow top professors to make more, since they could license to multiple colleges, and allow more colleges to have lectures from top researchers and thinkers.

Those who preferred live lectures would always have the option of paying more to get them.

2. From what I have experienced so far, non-linear teaching methods in math are both more effective and more economical. Using those approaches for both math and science would reduce the amount of staff required while massively improving the educational experience for students.

3. Stop wasting millions on ballrooms, unneeded buildings, and unnecessarily overpriced athletic facilities. As Crossfit, P90x, and the training for the movie 300 have shown us, you don't need expensive equipment for world-class results. And as the legendary fresh-

man fifteen shows, expensive athletic equipment can still allow an unhealthy student body. (The freshman fifteen is the fifteen pounds of fat college students typically gain in their first year.)

Michael Phelps did not need to train in a platinum swimming pool. People are making major sacrifices to afford these tuitions; at the very least, spend that money reasonably.

4. Put some of that university brainpower to work, and think of better ideas! A thousand people with PhDs in economics should be able to come up with few cost-saving ideas.

THE FINAL STEP TO IMPROVING PRICING

But the real step to getting reasonable pricing is recognizing the most important truth in higher education:

Colleges do not actually have a monopoly on higher education. In other words, you can get an excellent higher education without college. In fact, even without college, a student can get a college-level education at a much lower cost.

It actually goes further than that. You can actually get a significantly better academic, intellectual, social, and practical education than anything a college can offer without attending college, at a much lower cost.

Many successful men and women never attended college. Many even credit their success to the independence and maturity one develops outside the hallowed, binge-drinking halls of American universities. In fact, PayPal co-founder Peter Thiel feels so strongly about this that he offered twenty \$100,000 fellowships to motivated students. The fellowship requires students to *not* go to college for 2 years, during which time they will see just how much more they can

accomplish outside of the college system. And those who decide to go to a traditional college can do so afterwards.

What does that mean in terms of the economics of higher education? It means that we have choices. And that means we don't actually have to put up with overpriced education of inferior quality.

ADDING INSULT TO INJURY

When you go to a movie theater, you first pay for a movie ticket. Then, if you want a soda or some popcorn, you pay an exorbitant price for them.

Movie theaters are able to do that by banning outside food and drink. That means your only choice is to buy from the movie theater's concession stand.

For a long time, colleges did something similar with textbooks. Since the only place to buy a textbook was the college bookstore, colleges were happy to sell overpriced textbooks to their students. The colleges got a percentage of the sale, so the higher the price of the textbook, the more money the college got. Since students had to buy textbooks for their courses, colleges were able to force students to pay exorbitant fees for textbooks.

Even used textbook sales went through college bookstores. Thus, college bookstores were able to make a substantial profit from those sales as well.

All of this changed with the recent growth of the online market for textbooks. Using various websites, students began selling textbooks to students at other colleges, circumventing college bookstores entirely. Students were saving money, but colleges (and textbook publishers) were losing money.

More recently, colleges and textbook publishers have found a

way to start overcharging students again.

According to the *Wall Street Journal*, “Publishers and schools are working together to produce ‘custom’ textbooks that can limit students’ use of the money-saving trade in used books. And in a controversial twist, some academic departments are sharing in the profits from these texts.”

That’s right. Academic departments are actually getting a kick-back from textbook sales. This is not just the big bad administration; it’s the big bad academic departments themselves.

These custom books are often just the standard textbook with some small, unimportant addition. For example, according to the same *Wall Street Journal* article, at the University of Alabama, the “only difference in the Alabama version [of a particular textbook]: a 32-page section describing the school’s writing program—which is available for free on the university’s Web site.”

These corrupt university practices have earned the criticism from the U.S. Government’s General Accountability Office, and 34 states have even passed laws against some of these practices. Although colleges can’t figure out innovative ways to bring down tuitions, I’m fairly sure they will find innovative ways to get around those laws.

The real problem here is not just the extra money students have to needlessly pay. While spending \$1000 a year on textbooks is annoying, it’s small compared to the massive tuition fees.

The real problem is the fact that colleges view students as cash cows. The fact that they are willing to conspire with textbook publishers to rip off students really demonstrates how colleges view their students.

Colleges are able to work together to get more money from congress. Would it be impossible for them to work together to negotiate much lower textbook prices on behalf of their students?

They certainly could, but they certainly won't. If they did that, they would make less money from textbook sales. Instead of fighting for their students, they are content to extract as much money as they can from students and families. Instead of acting as advocates for their students, colleges have chosen to become financial parasites.

3. THE QUESTIONS THEMSELVES

“If there are no stupid questions, then what kind of questions do stupid people ask? Do they get smart just in time to ask questions?”—Scott Adams

One of the many theories of depression is that it is anger turned inwards. Instead of turning anger outwards at another person, an object, a culture, a law, or an injustice, the depressed person turns the anger inwards, against himself.

Anger is a powerful force. Depression isn't. An angry populace can start a revolution, as the angry founders of America did centuries ago. A depressed populace just sits and tries to entertain itself. Anger is a threat to the status quo. Depression is a threat to nothing. If you want to keep a people oppressed, you want them to be depressed, not angry. You want them to turn their anger inwards, not outwards.

What holds true of emotion also holds true of analysis and perception. An individual who puts his energy into analyzing laws, cultures, and injustices is a dangerous and powerful force. John Locke, Karl Marx, Thomas Jefferson, Martin Luther King, Adolph Hitler, Mahatma Gandhi, and Jesus Christ turned their analytical abilities outwards. They are the best and worse that humanity has produced, but their significance is unquestionable.

A person who puts his efforts into analyzing the fact that he's nervous about facing his fears because mommy didn't hug him enough turns his analysis inwards. And while that analysis is turned inwards, he is powerless to cause any major social change.

If that inward analysis is preparation for outward analysis, it can make him more powerful. Each person should seek to analyze and understand his own mind in order to prepare to analyze the world outside of himself. But the inner analysis is a means to an end, not an end in itself. Only analysis turned outwards lets us change the world.

Self-analysis is great when it makes you more effective at improving the world. But it can very easily become a distraction. Someone who spends his time thinking about whether or not mommy and daddy hugged him enough might not have the energy to think about problems in his political or legal systems, or in major parts of his culture. While analyzing his childhood attachments, he may not notice, for example, ways in which corporate interests influence politics. He may not notice just how badly colleges are fleecing students and families.

Any person or group that unfairly holds power wants people to turn their analyses inwards. When the Catholic Church was selling indulgences, they didn't want people to turn their analyses on the Church. That could have ended the Church. They wanted them to turn their analyses on themselves.

What the Church Didn't Want People to Think While the Church was Selling Indulgences: "This religion that the Catholic Church is preaching seems to be making them pretty rich and powerful, and making us pretty poor and unhappy. Are they just manipulating us?" (This type of commentary would have been called heresy, and the punishment would have been excommuni-

cation or execution.)

What the Catholic Church Did Want People to Think While the Church Was Selling Indulgences: “What sins have I committed? What is going to happen to me? Can the Church help me?”

In fact, the Catholic Church took that analysis turned inwards to a spectacular level. They actually made IMPURE THOUGHTS sins! You can follow the command, “Don’t steal.” But it is impossible to follow the command “Don’t think about an orange.”

Now try to not think impure thoughts.

It was a brilliant way to make people turn their minds inwards, instead of against the manipulations of the Church. It was probably one of the greatest psychological manipulations in all of history.

Let’s now take a look at the questions found in a standard personal statement.

1. Evaluate a significant experience, achievement, risk you have taken, or ethical dilemma you have faced and its impact on you.
2. Discuss some issue of personal, local, national, or international concern and its importance to you.
3. Indicate a person who has had a significant influence on you, and describe that influence.

Surprise, surprise. Every topic demands that we turn our analytical knives inwards, not outwards. Even the question about “some issue of personal, local, national or international concern,” is rendered powerless by adding “and its importance to you.” The question is not, “What should be done about it?” It’s, “How does it make you feel?”