

WE NEED A  
**NEW DEAL**  
BETWEEN

HIGHER  
EDUCATION



DEMOCRATIC  
CAPITALISM

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**H**igher education has become a crucial element in the historical bargain between democracy and capitalism in the 21st century. This new reality has emerged gradually over the past 30 years but, for the most immediate evidence, look no further than the 2016 U.S. presidential election.

Both the Donald Trump supporters and the Bernie Sanders supporters can be viewed, to some degree, as evidence of insufficient postsecondary opportunities to reconcile the democratic promise of economic opportunity with the changing set of skills needed on the job.

The Trump supporters can be portrayed, at least in part, as those left behind in the structural economic shift from a high-school-educated to a college-educated middle class—from an industrial to a post-industrial service economy. One explanation is the failure of postsecondary reeducation and retraining. Job training and lifelong learning are applause lines in every stump speech but are never a substantial line in any public budget.

Meanwhile the Sanders supporters can be portrayed, somewhat, as millennial aspirants to middle-class earnings, desperate for relief from the requisite college cost and debt necessary to rise in modern post-industrial economies. Their plight is due, partially, to their own and their government's inability to keep up with the fast-growing cost of higher education. Both the Trump supporters and the Sanders supporters would benefit from a more transparent relationship between higher education programs and careers. Ultimately, unbundling the economic and noneconomic value of postsecondary education should lead to more social and economic efficiency in matching scarce resources, especially public resources, to needs.

The current populist rebellion suggests that we need a new deal between capitalism and democracy. An expanded vision for higher education is a crucial part of the bargain.

During the 18th and 19th centuries, democratic ideas and recognition of the power of economic markets grew together in the same European neighborhoods. Capitalism and democracy were allied in their

revolt against feudalism, but they were also natural antagonists.

In theory, democratic citizenship and markets are driven by irreconcilable ideas. Democratic citizenship presumes equality, yet market economies are driven by the economic inequality necessary to motivate work effort, entrepreneurship, and the inherently lopsided private accumulation of wealth and investment capital. Capitalism is also open to the impersonal forces of economic risk and failure, especially as faceless technological and commercial forces destroy old jobs and communities and create new ones elsewhere.

## The Conflict Between Capitalism and Democracy Goes Back to the 1800s.

Speaking at the Cambridge Reform Club in 1873, Alfred Marshall, the indispensable political economist of his time, was among the first to try to square the individual equality implicit in citizenship with the inequalities and amoral risk inherent in markets. Marshall argued that although capitalism and democracy were antagonists in theory, they could also be allies in practice. He argued further that the contradictions between democracies and markets could be eased if markets would become the paymaster for a constant expansion in publicly funded education and social services.

**The current populist rebellion suggests that we need a new deal between capitalism and democracy. An expanded vision for higher education is a crucial part of the bargain.**

Marshall proposed an early version of the classic liberal balance between strong democratic governments and strong markets. Market economies would generate the taxable wealth necessary to fund enough publicly provided education and social services to guarantee citizens full membership in society and the right to rise in the economy.

Education, he argued, was a basic tool—along with expansion in universal and targeted social services from the welfare state—in resolving the contradictions between democratic citizenship and market economies. “The question,” he said, “is not whether all men will ultimately be equal—that they certainly will not—but whether progress may not go on steadily, if slowly, till, by occupation at least,

von Bismarck had already created a welfare state that included old-age pensions, education, and healthcare for the working class to ward off the socialists to his left. Compared with Europe, the United States has always favored education over the more directly redistributive elements of the welfare state, in large part because education ties to individual responsibility.

Over time, education—especially access to postsecondary education and training—has become a double-edged sword: both a fountain of opportunity and a bastion of privilege.

every man is a gentleman” who values education and leisure more than the “mere increase of wages and material comforts.”<sup>1</sup>

Marshall was referring to the intrinsic value of what we now think of as liberal arts curriculums—the kind of education that encouraged the populace to “steadily accept the private and public duties of citizenship.”<sup>2</sup> He assumed that a basic general education would be a universal common experience for the citizenry rather than a sorting device for allocating economic opportunity. In his day, advanced education did separate the largely preordained 1-percenters from the rest but had relatively little significance in the economic sorting of the broad mass of society. The vast majority of people learned their occupations in the home or on the job, not in grade schools, high schools, or at college. He did not foresee the long revolution in the value of human capital that would confer wealth and power through access to the most highly leveraged knowledge and occupations, especially through a mass system of colleges and universities.

Alfred Marshall was a centrist. He offered government sponsored education and social services as bulwarks to fend off Marxists to his left intent on toppling capitalism and a backsliding feudalism to his right. Marshall was speaking in a European context in which German Chancellor Prince Otto

By the end of World War II, the balance between capitalism and democracy needed to find a new equilibrium. With fascism defeated unconditionally, the contest among the victors—the communists and the democratic capitalists—began in earnest with the new Cold War between East and West.

In 1949 T. H. Marshall (no relation to Alfred) updated the original bargain between capitalism and democracy in a lecture commemorating Alfred Marshall’s classic formulation. T. H. essentially doubled down on Alfred’s 1873 argument, asserting that the equality implicit in democratic citizenship implied “a modicum of economic welfare and security” sufficient “to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in the society.” T. H. went on to explain that the institutions most closely connected with this notion of citizen equality in capitalist economies “are the educational system and the social services.” His lecture was seminal because it became the widely recognized summary argument for the massive expansion in both public education and the welfare state after World War II as an alternative to Soviet and Chinese communism.<sup>3</sup>

T. H. Marshall was prescient. He worried that the education solution to the problem of inequality in market economies had developed flaws since the time of Alfred Marshall’s lecture. He ruminated over

the fact that the role of education as a mediating force between citizenship and markets was increasingly compromised by the growing alignment between education and elite occupational preparation.

Education made everyone equal as citizens, but those with the most education, especially in lucrative fields of study at the college level, were better able than others to accumulate wealth and power. Even then, T. H. fretted that industrial society had “been accused of regarding elementary education solely as a means of providing capitalist employers with more valuable workers, and higher education merely as an instrument to increase the power of the nation to compete with its industrial rivals.” He continued: “As we all know, education today is closely linked with occupation, and ... [through] its relations with occupational structure ... operates as an instrument of social stratification.” The impact of K-20 becomes especially powerful because it is frontloaded in the life cycle: “The ticket obtained on leaving school or college is for a life journey.”<sup>4</sup>

## Postsecondary Education and Economic Opportunity Go Hand in Hand.

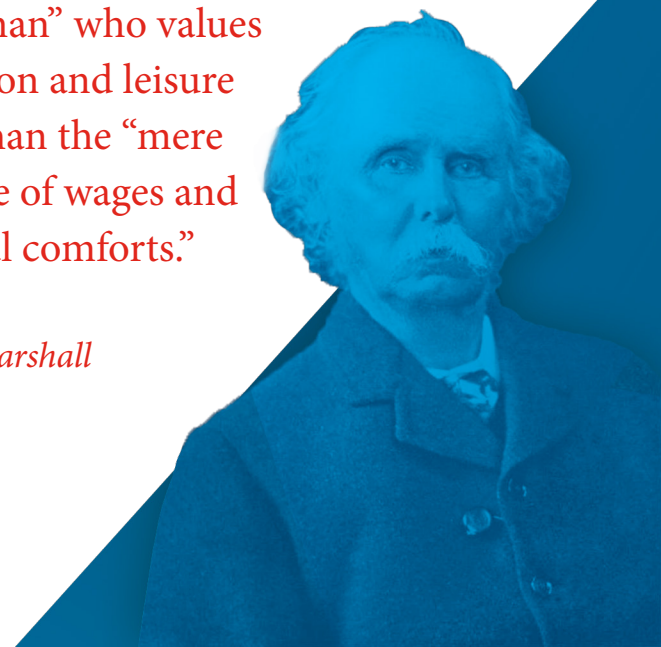
T. H. Marshall foresaw the growing contradiction between education as an equalizer and education as a source of inequality, a contradiction that has become only more pronounced with the strengthening of the sequential alignment between access to higher education, choice of field of study, occupational choices, and individual earnings. Over time, education—especially access to postsecondary education and training—has become a double-edged sword: both a fountain of opportunity and a bastion of privilege. The postwar postsecondary system was destined to be a great leveler, especially among white baby boomers, but it also encouraged stratification that reproduced class and racial privilege.

Since the early 1980s, the burgeoning postsecondary education and training system has become the nation’s workforce development system.

Of course, it is not news that education is a favored institution in U.S. culture: it conforms to our individualist biases, and we look to education to help us reconcile democratic citizenship with class differences and various forms of diversity. What is news is the unprecedented rate of growth in the strength of the relationship between postsecondary education and economic opportunity. Since 1973, the share of jobs requiring at least some college education has increased from 28 percent to at least 60 percent.<sup>5</sup> And the trend will continue. By 2020, it is estimated that 65 percent of all jobs in the United States will require some form of postsecondary education or training; the fastest-growing sectors of the economy will be those that require postsecondary education.<sup>6</sup> In the 1980s and 1990s, the college wage premium (the difference between the average wage of college-educated workers and that of high-school-educated workers) increased from 40 percent to more than 80 percent and has remained at that historically high level. Remarkably, in spite of the fact that the supply of college talent has quadrupled, the wage advantage for college graduates has doubled.<sup>7</sup> This is a profound increase in the demand for skilled workers in the labor market

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*Alfred Marshall*



What is driving this transformation? In a word: *technology*. Since the end of the 1980-81 recessions, the U.S. economy has been undergoing rapid structural change. Technology—led by information technology—has been automating repetitive tasks and activities. As a result, more jobs are nonrepetitive and require skills beyond high school. The resulting increase in skill requirements for entry-level jobs has made postsecondary education and training the gatekeeper for access to training on the job and to state-of-the-art technology at work.

For the most part, the relationship between the increasingly diverse \$400 billion postsecondary system and labor markets operates through the alignment of fields of study and occupations.

That is, the relationship between higher education and careers is as much about programs as institutions. Currently, for example, virtually all graduate and professional education programs are specialized and are focused on elite occupations. Only 9 percent of Bachelor's degrees conferred are in the liberal

arts and humanities.<sup>8</sup> The rest of the fields of study are aligned with particular occupational specialties in majors such as STEM, business, education, and healthcare. The vast majority of community college fields of study are occupationally oriented.<sup>9</sup> Certificates, the fastest-growing postsecondary credential, tend to be occupational. In addition, tens of millions of Americans now get their job qualifications or skill upgrading from test-based industry certifications and government-sanctioned licenses, often tied to nondegree and noncredit postsecondary courses. In combination, the postsecondary and the employer-provided learning systems generate nearly \$1 trillion a year in human capital development—between \$400 billion and \$500 billion in formal postsecondary education, along with more than \$160 billion in formal employer-based training and as much as three times that in informal learning on the job. And the education and employer-based learning systems are increasingly interconnected. Postsecondary programs leverage access to formal and informal learning on the job.<sup>10</sup>

### *With this new economic reality come new and sometimes counterintuitive rules of the college game:*

- Rule #1:** Education level still matters. As a general rule of thumb, more education is better. On average, individuals with higher levels of education earn more than those with lower levels. Someone with a Bachelor's degree makes 84 percent more than a high school graduate—a difference that, over the course of a career, translates to \$1 million.<sup>11</sup>
- Rule #2:** Programs of study and majors matter even more. A Bachelor's degree in petroleum engineering translates into a median yearly wage of \$136,000, compared with \$39,000 a year for a Bachelor's degree in early childhood education.<sup>12</sup>
- Rule #3:** Sometimes less education is worth more. Because of differences in field of study, 28 percent of people with Associate's degrees, and many with one-year technical certificates, make more than the average earned by workers with Bachelor's degrees. Also more than 40 percent of people with Bachelor's degrees make more than the median earnings of people with Master's degrees.<sup>13</sup>
- Rule #4:** Field of study is important, but it does not completely control one's economic destiny. A major is more important for a first job than it is for a last job. There is wide variation in earnings in every field of study. That's why the top 25 percent of education majors will end up making more than the bottom 25 percent of engineering majors.<sup>14</sup>

## The College Game Creates Winners and Losers.

The winners and losers are clear in this transition from an economy anchored in high school to an economy anchored in postsecondary education and training. High school graduates are being left behind. The good high school jobs are gone, and, they're not coming back. High school alone no longer provides a living wage for women, and at most, only about 20 percent of men can still make a decent living without going to college.<sup>15</sup>

Millennials are the first to face the economic risks and costs of this new reality. Before the 1980s, young American workers achieved the average U.S. hourly wage by age 26. Today that same transition takes until age 30 or later, and many never make it.<sup>16</sup>

Still, the growth of the value of a college/university degree has certainly been good for graduates:

- The college wage premium has spiked. By 2007, the wage premium reached 81 percent for men, compared with 37 percent in 1967. The story is similar for women, with the college wage premium rising from 54 percent to 81 percent over that time.<sup>17</sup>
- Most remarkable of all, the average wage advantage for college workers over high school workers has doubled *even though* the number of college graduates has *quadrupled*.<sup>18</sup>
- Growth in the economic value of college has also been good for general education, the liberal arts, humanities, and social sciences, with 60-70 percent of the required coursework for every degree being in general education including the humanities.<sup>19</sup>
- In 1970, there were 12 million Americans above the age of 25 who had completed four or more years of college; today, there are 69 million.
- Employers too have been big winners. Four-year college graduates make up 39 percent of the workforce and create 56 percent of the economic value added by labor in the economy.<sup>20</sup>

On the other hand, the rise in the economic value of college has been bad news for college have-nots and a mixed blessing for those minorities and low-income students sequestered in the overcrowded and underfunded open-access two-year and four-year institutions. Studies by economists find that more than two-thirds of the surging growth in inequality since the '80s is due to differences in access to and success in college.<sup>21</sup>

- Since 1995, 82 percent of new white students have gone to one of the 500 selective colleges, whereas 75 percent of new Black/African-American and Hispanic/Latino students have gone to open-access institutions.<sup>22</sup>
- Seventy percent of students at the high-spending selective colleges are in the top socioeconomic status, 11 percent are in the second quartile, 17 percent are in the third quartile, and only 3 percent are in the bottom quartile.<sup>23</sup>

The American postsecondary system increasingly has become a dual system of separate and unequal pathways by race and class, even as overall minority and lower income access to the postsecondary system has grown dramatically. These dual pathways produce unequal results, even among equally qualified students.

The race- and class-based polarization of the postsecondary education system matters because money matters. The 500 most selective colleges spend anywhere from two to almost five times as much per student as the open-access schools. Higher spending in the most selective colleges leads to higher graduation rates, greater access to graduate and professional schools, and better economic outcomes in the labor market, even among students who are equally qualified but attend less competitive schools.

- The completion rate for the 500 most selective four-year colleges is 82 percent, compared with 49 percent for two- and four-year open-access colleges;
- At top-tier colleges, students who enroll with SAT scores over 1000 obtain a graduate

degree at a rate of 15 percent, compared with 3 percent of similarly qualified students who attended a four-year open-access college; and

- Thirty-five percent of students from top-tier colleges obtain a graduate degree within 10 years of obtaining a Bachelor's degree, compared with 21 percent of students from the open-access colleges.

These trends show that the higher education system is more and more complicit as a passive agent in the systematic reproduction of race and class privilege across generations. The higher education system is blind to class and skin color *in theory*, but *in fact* operates, at least in part, as a systematic barrier to opportunity for low-income and minority students, large numbers of whom are qualified but tracked into overcrowded and underfunded colleges where they are less likely to develop fully or to graduate.

Polarization by class and race in the nation's postsecondary system has become the capstone for K-12 inequality and the complex economic and social mechanisms that create it. The postsecondary system mimics and magnifies the racial and ethnic inequality in educational preparation it inherits from the K-12 system and then projects this inequality into the labor market.



University at Bologna

The tracking of white students into the top-tier colleges perpetuates greater rates of white college completion. Consequently, more college completion among white parents brings higher earnings that fuel the intergenerational reproduction of privilege. More highly educated white parents have the means to pass their educational advantages on to their children. Higher earnings buy more expensive housing in the suburbs with the best schools and peer support for educational attainment.

The synergy between the growing economic value of education and the increased sorting by housing values makes parental education the strongest predictor of a child's educational attainment and future earnings. As a result, according to the OECD data, the United States has the least intergenerational educational mobility among advanced nations.<sup>24</sup>

## Higher Education vs. Job Training

Some fear that the increasing economic value of a college education may force a choice between narrow economic needs and broader educational goals and that the result will be a commodification of higher education. They make an important point. The temptation to provide narrow vocational training rather than more general learning is strong in a market economy, especially in our current resource-poor environment.

These concerns over commodification raise the age-old existential question about the purposes of higher education: there has always been a tension among equally worthy but often contradictory goals. Even in the Greek city states there was conflict between Aristotle, Plato, and Socrates—who professed the search for truth and beauty—and the sophists, who taught debating skills in the academy.

Service to the economy has been one goal among many in the long history of higher education. The first University at Bologna established in 1200 A.D. was created to serve the emerging commercial needs of Italian city states by supplying lawyers, accountants, and administrators—with a side of Greek philosophy. Before Napoleon, the French concentrated on producing priests for the true faith, as did Oxford and Cambridge, although they switched from Catholic to Anglican priests to please their rulers. After Napoleon the French expanded their academic vision to include workforce education for teachers and administrators appropriate for an expanded secular empire and scientist and engineers necessary to arm and build boats and bridges for the empire's military forces.

The Humboldt system in Germany tied teaching in every field to research—this was especially true




of science and engineering research in Germany's technical universities. The communist systems that came to the fore after World War I gave up God and unbiased scholarship for statist economic plans, science, engineering, and fits of ideology. The Confucian system in China was the original test-based admission system to train administrators for the long succession of dynastic empires. The Japanese have had a strong labor market tradition in their universities since the dramatic shift away from isolationism and toward modernization after the Meiji Restoration in 1868.

History's cautionary tale for the American system is Great Britain. The British higher education system in much of the 19th and 20th centuries shifted to a pure form of liberal education that was most distinguished by who it excluded. The British universities disdained the new scientific, industrial, and professional elites in favor of providing an asylum for an entitled and fading gentry. But the British penchant for abstract over applied learning came at a cost. They relegated engineering and the sciences to gentleman's clubs and lost their technological lead to the Germans in the industrial era.<sup>25</sup> There were also social costs. The British elevated the search for meaning among a precious and fading aristocracy over the democratization of higher education and material progress.

The elitist British system was liberal arts education in its purest and most romantic form. It was, according to Cardinal Newman, its most eloquent advocate, "a Knowledge, which is desirable though nothing come of it, as being of itself a treasure, and a sufficient remuneration of years of labour."<sup>26</sup> The British tradition in liberal education is rightfully admired as a model for human flourishing through learning and rightfully condemned for its racial, religious, and class elitism. Unfortunately, both the spiritual and elitist dimensions of the British system have survived in American higher education, where access to liberal arts education is highly stratified by class and race.

The American higher education system began with elementary forms of general education at its core. The great divide between the academic and the applied curriculums in American higher education occurred around the Civil War with the Morrill Acts of 1862



The dual role of higher education in serving both human flourishing and economic empowerment has also become one of the keystones in the social contract between democracy and capitalism.

and 1890. The Morrill Acts gave grants of land to states, which they then sold off to raise money for a new system of colleges and universities. The 1862 act was intended to expand and modernize higher education in response to economic change brought on by the industrial revolution and the changing skill-based structure of work. Ultimately signed by President Lincoln, it represented a shift in emphasis from the British tradition of abstract liberal education toward the more applied German emphasis on research, the sciences, engineering, and agriculture.

The Morrill Act also established the grand bargain between liberal learning and applied learning. That bargain still applies today, although it is limited to two-year transfer degrees and four-year degrees. According to the Morrill Act the new universities were to provide more applied education "without excluding classical studies ... in order to promote ... the liberal and practical education of the industrial classes." Even now, at least half the courses in every traditional college degree are in general education.

At the same time, however, those concerned with the commodification of college are right to discern growth in the more applied offerings ever since the Morrill Act in 1862. The dominance of the

The postsecondary system mimics and magnifies the racial and ethnic inequality in educational preparation it inherits from the K-12 system and then projects this inequality into the labor market.

more applied fields of study as opposed to the humanities has grown apace with the increasing economic value of college since the Smith Hughes Act of 1917. Moreover, cost pressures are likely to encourage a continued unbundling of the economic and noneconomic value of general and specific education as well as a reliance on less costly and more customized modes of delivery.

The increasing economic value of knowledge is both a boon and a burden for modern educators.

Higher education grows in scale and scope with its economic value. It is hard to believe that higher education would have grown as much as it has since the '80s if it weren't for its increasing economic value.

On balance, our higher education dilemma is a happy problem. So far the growing economic role of higher education is the engine of its democratization. The future promises more of the same. In the case of both nations and individuals, an increase in the extrinsic value of knowledge increases demand for its intrinsic value. Learning is a basic human urge, and as nations grow economically they want and can afford more of it. The rising tide in the value of knowledge tends to raise all the postsecondary institutional boats and floats new ones. American higher education is uniquely positioned to satisfy diverse needs because it is a market driven and diverse system, capable of achieving the complex purposes that more

centralized and unified systems cannot.

Of course, as the economic value of postsecondary education increases, we will need to remember that college education is about more than dollars and cents. Colleges should do more than provide foot soldiers for the American economy. Higher education, for instance, is a crucial anchor for the professions in their struggle to maintain their professional values and standards in a world increasingly driven by the narrow valuation of cost efficiency and direct earnings returns—the medical professionals are the most obvious case in point.

Educators in both secondary and postsecondary institutions have cultural and political missions to ensure that there is an educated citizenry that can continue to defend and promote our democratic ideals. In addition higher education institutions are necessary safe havens from governmental and economic power. Higher education is a bulwark against destructive authoritarian impulses. Streams of inquiry that trace back to various sources from Theodor Adorno to Seymour Martin Lipset demonstrate convincingly that once nations achieve a basic level of wealth, tolerant political attitudes and political participation depend more on education than economic class. Moreover, the same streams of thought suggest that more general forms of education, as opposed to narrow vocational or technical schooling, tend to promote tolerance and undermine the development of authoritarian personalities.

**The increasing economic value of knowledge is both a boon and a burden for modern educators.**

But the distinctions between general education and specific training are becoming increasingly artificial. If the commodification of college education is taken to mean investing in narrow occupational training, that would be bad economics as well as bad education. The economic value of general competencies, such as problem solving and critical thinking, is growing along with the growth in demand for job-specific competencies. Although specific occupational skills have greater short-term economic value, more general skills have long-term latent value. General

competency leavens all subsequent learning and practical experience. It is the educator's version of patient capital or long-term human capital investment.

The students get it. According to a UCLA survey of college students, 85 percent said the primary reason they go to college is to have a successful career. A similar share said they go to college to pursue intellectual interests. Meanwhile, 70 percent said they go to college to pursue a general education and to gain an appreciation of ideas.<sup>27</sup>

The demand for a more robust combination of specific and general skills is gradually erasing the difference between education and training and argues for more of both in a growing share of curriculum. Most jobs now require preparation that sounds a lot more like liberal education and professional education than narrow job training. Post-industrial careers are defined by unique sets of applied knowledge, values, skills, interests, and personality traits that far exceed the narrow training programs characteristic of a bygone industrial era.

We need to aspire to a dual bottom line in college curriculums: a pragmatic balance between the growing economic role of postsecondary education and its traditional cultural and political independence from economic forces. Ultimately, however, the economic role of postsecondary institutions—especially their role in preparing American youth for work and in helping adults stay abreast of economic change—is central. The inescapable reality is that ours is a society based on work. Those who are not equipped with the knowledge and skills necessary to get and keep good jobs are denied full social inclusion and tend to disengage from the mainstream culture, polity, and economy. In the worst cases, those who suffer from years of unemployment and underemployment can be drawn into alternative cultures, political movements, and economic activities that are a threat to the mainstream democratic capitalism.

If secondary and postsecondary educators cannot fulfill their economic mission to help grow the economy and help youths and adults become

successful workers, they also will fail in their cultural and political missions to create good neighbors and good citizens. Increasing the economic relevance of a college education should, if done properly, extend the educator's ability to empower Americans to do work in the world, rather than retreat from it.

## As Higher Education Grows in Economic Importance, It Becomes a Greater Part of Our Equity Problem.

Using education to allocate opportunity is popular because it provides a third way to succeed—between the inequalities that come with doctrinaire market fundamentalism and the personal dependency that comes with an expanded welfare state.<sup>28</sup> Consequently, access to education bears more and more of the political weight that comes with the nation's founding commitment to equal opportunity and upward mobility.

Education has also become the nation's popular alternative to the more direct economic benefits of the welfare state because it promises opportunity based on individual merit. We welcome our increasing reliance on education as a source of upward mobility because, in theory, it allows us to expand opportunity without surrendering individual responsibility. After all, we each have to do our own homework to make the grades and ace the tests that lead to the good jobs—and that seems fair. But is that fair enough? Not really. In a society where people start out unequal, educational opportunity—especially postsecondary educational opportunity dictated by test scores and grades—can become a dodge, a way of laundering the found money that comes with being born into the right bank account or the right race. As social science has proven, the meritocratic basis of education is, at least in part, a social construct. Education is itself stratified by race and class, ultimately creating a hierarchy of educational inclusion that confers public and private power over others. This is important because most jobs that offer prestige and power require a college degree.

My own concern is not so much with access to general education and the humanities but with who gets that access. Overall access to general education and the humanities continues to grow because of the increase in degrees and the degree-based core requirements. At the same time, however, the overall racial and class-based stratification in access to degrees tends to ensure that working-class, low-income, and minority students are increasingly consigned to certificates and more narrow forms of noncredit customized job training.

Testing and all the other metrics that allocate educational opportunity are better social indicators of our collective failure to provide equal opportunity than measures of innate individual merit or deservedness. For most low-income kids, there is no systematic relationship between innate potential measured in childhood and aptitudes developed by the time they are old enough for college. Conversely, most of the difference in the developed aptitudes among college-age middle- and upper-income adolescents can be accounted for by measured differences in their innate abilities when they were children.<sup>29</sup>

Postsecondary education—especially access to selective colleges and to graduate and professional education—sits at the pinnacle of the hierarchy that joins education and careers. As such, it reflects the

tension between educational merit and opportunity at its highest and most exquisite pitch, a fact that ensures that access and equity issues are here for the long haul in postsecondary education, with no easy solutions in sight.

The growing access to college for minorities, low-income, and other nontraditional students is a bittersweet story. Colleges are providing greater access for the least-advantaged students and nontraditional students, but increasing access comes with growing economic, demographic, and funding stratification. White and affluent students are increasingly concentrated, relative to population share, in the nation's 500 most highly-funded, selective four-year colleges and universities, while African-American, Hispanic, immigrant, and low-income students are more and more concentrated in the 3,000 underfunded and overcrowded open admissions four-year and two-year colleges.

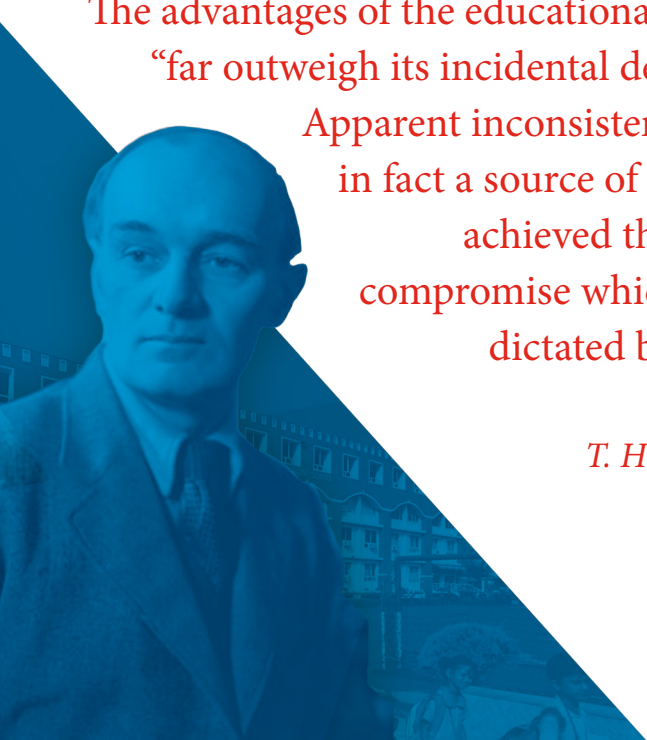
At open-admission colleges, new students represent a greater fiscal burden. Oftentimes they don't bring enough tuition aid or state support to pay for themselves, and each new enrollee tends to reduce spending per student. Even among students with the same test scores, higher per-student spending in the four-year colleges leads to better outcomes than for similarly qualified students who attend the two-year schools.

In other words, postsecondary education has become one more gearwheel in the workings of the powerful economic and educational mechanisms that determine the odds in a modern economy. These mechanisms persistently produce educational and economic outcomes that have a disparate negative impact on African-American, Hispanic, and low-income students.

We have arrived at a point where our racial, ethnic, and class inequality is primarily driven not by the vulgar motivations of Jim Crow racism or class bias but by race- and class-neutral economic and educational mechanisms that ultimately have the same effect as race or class animus. Disadvantage, like privilege, in society is now driven by a complex set of mutually reinforcing mechanisms that are impervious to narrow solutions and that require a much more

The advantages of the educational system  
“far outweigh its incidental defects....  
Apparent inconsistencies are  
in fact a source of stability,  
achieved through a  
compromise which is not  
dictated by logic.”

*T. H. Marshall*



serious commitment to equal opportunity and upward mobility than we seem able to muster in our politics.

## Higher Education Remains Vital, but It Must Be More Efficient.

Our system must be remade with more transparency, efficiency, and equity.

We cannot afford all the postsecondary education we need without more efficiency, and we cannot achieve more equity without more efficiency. As postsecondary education is becoming more vital to careers and access to a middle-class lifestyle, the productivity of higher education continues to drop.<sup>30</sup> If we are to produce all the postsecondary education needed to prepare the next generation of workers, the higher education system will require more money. But we cannot keep throwing more money at the existing system. It is too disorganized and duplicative, with few incentives for improving.

Also, funding priorities are all wrong.

Overcrowding and underfunding is the willfully unnoticed elephant in the room in the policy dialogue on the future of the community college. Community college spending per student is far below four-year college spending. But these differences are only the tip of the iceberg in the resource inequality problem between two-year and four-year institutions. Because of the special needs of their students, community colleges need more than equal funding. They need extra financial resources to meet the developmental needs of groups like English language learners, working learners, incumbent workers, the educationally disadvantaged, and prisoners.

Both liberal education and work education need to be improved. Liberal education is too often a set of cafeteria choices with little coherence. But the need to align college curriculums with labor markets is probably the most urgent task in higher education reform.

Hippocrates was right: “Art is long, and life is short, opportunity fleeting.” Individual human flourishing,

the essence of liberal learning, is a lifelong endeavor that barely begins in college, but the need to make a living begins in earnest when college ends. To some extent, tying college to careers is likely to come soonest because it is a simple technical parlor trick compared to the ineffable appreciation of deeper human meaning. Defining human flourishing is an ambiguous task at best. The effect of college field of study on career pathways and earnings is not more important than the more civic and intrinsic goals of higher learning but career paths and earnings are more immediate and more easily addressed empirically. We can trace the relationships between college programs, occupational pathways, and earnings with relative ease due to the recent advances in administrative data.<sup>31</sup>

Unbundling and measuring the extrinsic and intrinsic value of higher education is definitely a rude science that oversells extrinsic value. Measuring intrinsic value is probably a fool’s errand. But we must keep trying.

## Our system must be remade with more transparency, efficiency, and equity.

Measuring the relationships between college and careers needs to be a priority because of the growing importance and complexity of these relationships. The interface between higher education programs and labor markets has become a Tower of Babel. The number of occupations identified by the U.S. Census Bureau has grown from 270 in 1950 to 840 in 2010.<sup>32</sup> Meanwhile, the number of programs of study offered by colleges and universities grew from 460 in 1985 to 2,260 in 2010.<sup>33</sup> And every one of those occupations requires a distinctive mix of knowledge, skill, abilities, work values, work interests, and personality traits.<sup>34</sup>

The transparency needed for postsecondary education begins with tying individual postsecondary programs to both learning and earnings outcomes. Students and parents have recognized the new economic reality, and the result has been an incredible surge in demand for all kinds of postsecondary education and training programs.

There have been record enrollments across all institutions of higher education and an explosion in programs. Unfortunately, there has not been a concomitant growth in the availability of information to help students make good choices about the education and training they need, and for what kind of jobs. The dizzying array of postsecondary education and training providers has made the task for consumers much more difficult. The higher education market has become increasingly complicated and difficult to navigate.

The higher education mission endures, but times change.

The choice between general and specific education is not a zero-sum game. The economic value of a college education and work training has added a new emphasis to the broader postsecondary mission. In a modern republic, the higher education mission is still to empower individuals to live fully in their time, but those individuals also need to be able to live free from the worst versions of economic or public dependency.

The dual role of higher education in serving both human flourishing and economic empowerment has also become one of the keystones in the social contract between democracy and capitalism. But there is not likely to be any “one size fits all” solution. Higher education must serve many masters at once. T. H. Marshall’s simple pragmatism in his closing remarks in his 1949 lecture “Citizenship and Social Class” still serves us well today, as we struggle with the relationship between education and the economy: “The main features of the system are inevitable, and its advantages ... far outweigh its incidental defects. ... Apparent inconsistencies are in fact a source of stability, achieved through a compromise which is not dictated by logic.” He added: “A human society can make a square meal out of a stew of paradox without getting indigestion—at least for quite a long time.”<sup>35</sup>

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