The Mass Production of Credentials

Subsidies and the Rise of the Higher Education Industry

CARL L. BANKSTON III

During the past half-century, the conventional view of American education has held that the nation needs more college graduates and that increasing the rates of college attendance and completion should be a national goal, advanced and subsidized by the federal government. During his presidential campaign and after his election, Barack Obama stressed his commitment to ensuring that a greater percentage of the population obtain higher-education credentials. In January 2010, President Obama proposed a budget that would transform Pell Grants into entitlements, on the model of Medicare or Social Security. This change would extend the college funds that Pell Grants provide to an additional one million students. This proposed entitlement is based on the idea that everyone with the desire to go to college should be able to do so (Parsons 2010). This idea has reshaped higher education in the United States in a very short historical period, turning what was a guildlike activity into an industry for mass-producing credentials.

In this article, I make the case for an alternative to the conventional view expressed in the president's proposal. My examination of the evidence and my own experiences in higher education have led me to conclude that massive federal subsidies

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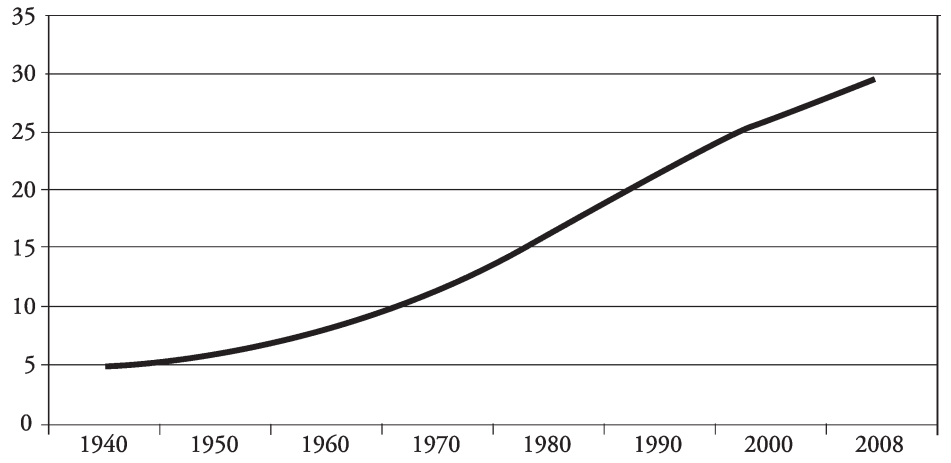
have changed the higher-education industry and have produced a number of negative consequences. I describe these changes and lay out their consequences. This article, then, provides a response to the position taken by policy analysts and economists such as Claudia Goldin and Lawrence F. Katz (2008) that a race between education and technology requires extensive federal investment in higher education as well as a response to the popular view that putting more individuals through college is necessarily a good thing.

Figure 1, which shows the percentages of Americans age twenty-five and older who completed college between 1940 and 2008, illustrates the transformation of the country's educational setting in the decades leading up to President Obama's proposal. On the eve of World War II, fewer than 5 percent of Americans held credentials from institutions of higher education. By 2008, about 30 percent were college graduates. This enormous increase by itself might raise questions about whether we really need to be concerned about pushing people through postsecondary schooling even more rapidly. But concern about public issues responds to expectations. The more common a good becomes, the more we tend to expect that it should be readily available.

At the beginning of the transformation, some questioned whether college education really could enter the realm of mass consumption. When government planners first proposed the Servicemen's Readjustment Act, or GI Bill, James Bryant Conant, president of Harvard University, and Robert Maynard Hutchins, president of the University of Chicago, expressed concern over the possible rapid expansion of higher education. Hutchins worried "that college may be made so attractive that you may go there even if you should not" (qtd. in Altschuler and Blumin 2009, 77). Although

Figure 1
Percentage of Americans Twenty-five and Older with College Degrees



Source: U.S. Census Bureau 1970 and 2010.

Hutchins did not entirely oppose educational subsidies for returning veterans, he advocated national examinations to identify those with the highest aptitudes to pursue schooling beyond the secondary level. Conant voiced similar views, arguing that educational opportunity should be made available to veterans on the basis of demonstrated ability, and he advised that the GI Bill be revised to subsidize only "a carefully selected group" (qtd. in Altschuler and Blumin 2009, 77).

The bill did in fact greatly stimulate enrollments directly by subsidizing the education of veterans and indirectly by making college seem to be a realistic option for the veterans' families, neighbors, and associates. The debasement of college education that Conant and Hutchins predicted apparently did not occur, however, or at least did not occur immediately. Before we dismiss their concerns entirely, though, we should consider at least three reasons why the growth of higher education did not quickly lower the quality of that education. First, a version of the kind of testing these educators advocated did limit access, at least to the most highly ranked institutions. Second, it took several years for the increase in credentials to exceed the demand for the kinds of occupations most closely associated with postsecondary schooling. Third and perhaps even most important, the real rise of college as a mass industry began only decades later.

A Broader-Based Elite

Hutchins and Conant worried about an influx of unprepared students into the academy and proposed using methods of selective admissions to prevent it. Although the pool of applicants expanded in the years following World War II, new techniques of selecting students ensured that the elite institutions, such as Chicago and Harvard, became more able to admit on the basis of academic preparedness. In *The Education of Henry Adams* ([1918] 1983), Henry Adams laments the general intellectual level at Harvard, which then had something of the character of a club for young gentlemen. The tools for student selection in the postwar period allowed the most highly reputed schools to draw talent from across the nation, not only among the sons of wealthy families.

Universities were still largely elite institutions during the decade after World War II, although the elite was expanding in more ways than numbers alone. As shown in figure 1, by 1960 the number of Americans older than twenty-five with college degrees had risen to just less than 8 percent from slightly less than 5 percent in 1940. Statistics on enrollments show that although college entrance did jump in the late 1940s, the number of postsecondary students remained relatively constant until the middle of the 1950s, then began to rise. According to historical data from *Statistical Abstracts of the United States,* college attendance in the "traditional" college age group of eighteen- to twenty-four-year-olds increased from 11 percent in 1950 to 17 percent in 1960, accounting for part of the growth in enrollments that I discuss later. Nevertheless, as the 1960s began, 83 percent of people in their late teens and

early twenties were not attending colleges or universities. More than 92 percent of American adults did not have college degrees. Higher education remained an experience for a relatively small number of people, even as the number was growing.

If higher education was still restricted to an elite in 1960, this elite had a broader base across social classes. Even the top colleges were now expanding their geographic and social range, pulling students from different social backgrounds and distant parts of the country. At the same time, many institutions of higher education combined consideration of broader pools of applicants with increased selectivity. Standardized testing took on new importance in determining who should study and who should not. The Educational Testing Service, which administers the Scholastic Aptitude Test (SAT), opened on January 1, 1948. By 1957, more than half a million students were taking the test each year (Lemann 1999). In that year, about a million more students enrolled than ten years earlier.

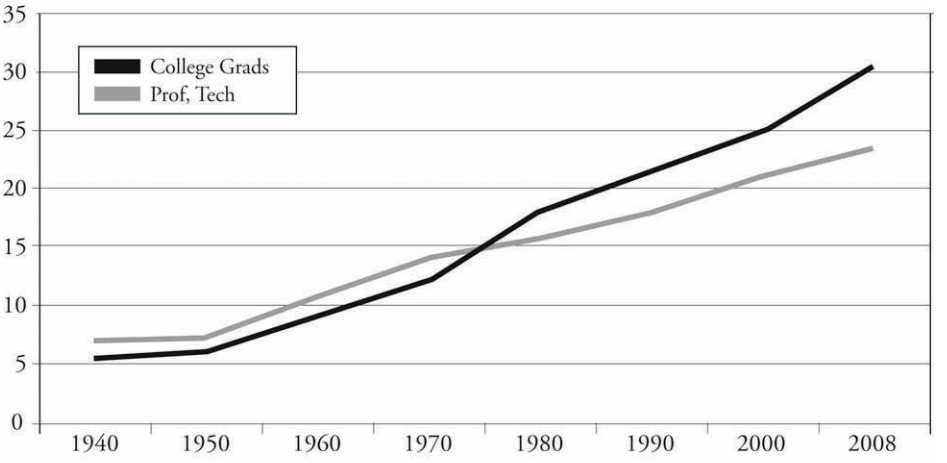
As I discuss later, a period of federally subsidized expansion of higher education began at the end of the 1950s. Government policy and public expectations encouraged the view of postsecondary schooling as a normal part of the lives of Americans in general, not as only an achievement to which any individual might aspire. The information on SAT scores published by the College Entrance Examination Board goes back only to 1966–67, after the era of mass higher education had already begun. However, the scores on the mathematics section of the test plummeted from 1966–67 to the early 1980s and then climbed back to the level of the 1960s by 2008. Reading scores went down even more steeply than math scores during the 1960s and 1970s even as the expectation of college attendance for everyone became more entrenched. The reading scores never recovered: in 2008, they remained far below their level in earlier decades (Snyder, Dillow, and Hoffman 2009, table 142). Although some highly selective institutions still used meritocratic standards to choose students, testing no longer restricted higher education to the top ranks of test takers.

Demand for Occupations

After World War II, U.S. nonmilitary output boomed. The orthodox view has attributed the continuous expansion in the period just after the conflict to the unleashing of pent-up demand (see, for example, French 1997). However, Robert Higgs (2006) has argued that the robust economic activity after the war resulted from the lifting of Depression-era fears and wartime government controls and the consequent restoration of business and investor confidence.

As the nation's economy grew in the postwar era, it also became more white collar, with a growing demand for the professional and technical occupations that historically have required relatively more workers with postsecondary credentials. Figure 2 shows the growth in the percentage of Americans in professional and technical jobs and the percentage of all Americans in the labor force with college

Figure 2
Percentage of Americans in the Labor Market with College Degrees and Percentage in Professional and Technical Occupations, 1940 to 2006–2008



Source: Ruggles et al. 2010.

degrees. Until the 1970s, a higher proportion of workers were in these kinds of elite jobs than held degrees, which meant that the steady growth in professional and technical positions could absorb the growing numbers of graduates. This situation helps us to understand why the great rise of mass higher education in the 1950s and 1960s did not appear to be flooding the market with degree holders. The trends also help to explain why the common wisdom took hold that the American economy was becoming ever more knowledge intensive (or at least credential intensive) and that however many graduates we produced, we always needed more.

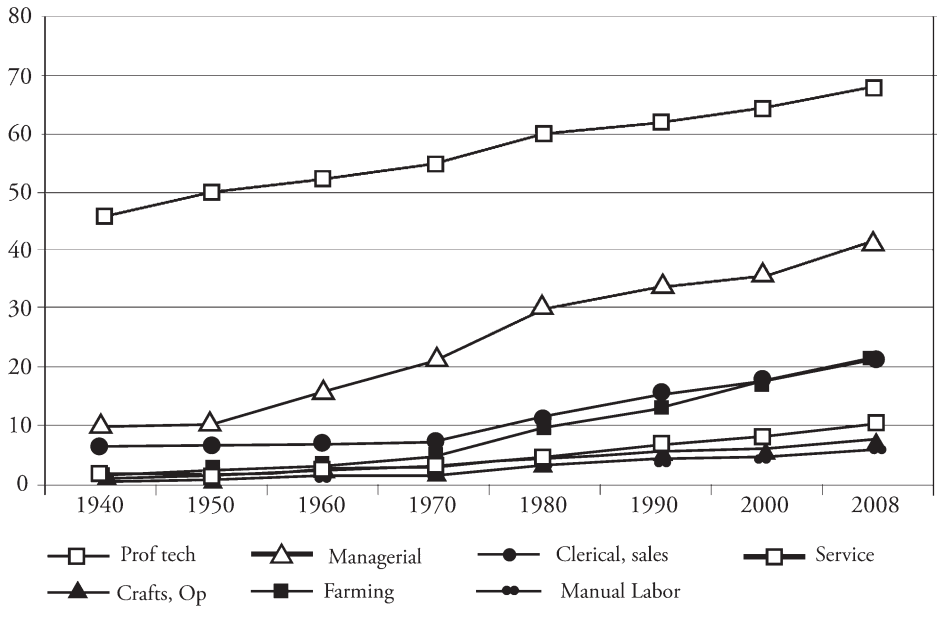
By 1980, the production of people with college degrees had begun to outpace the available places in professional and technical careers. During the following three decades, the gap widened. To be sure, professional and technical positions were increasing as a proportion of all American jobs, which provides some support for the view that demand for the highly educated was increasing. The trend is consistent with former labor secretary Robert B. Reich's (1993) argument that "symbolic analysts" are playing an expanding role in the American labor force and that federal policy should seek to produce more such workers. The proportional increase in these positions is also consistent with arguments of knowledgeable proponents of the conventional view, such as Goldin and Katz (2008), who argue that U.S. economic growth is becoming more dependent on technological sophistication and that the nation therefore must produced more college-trained people in order to win the race between technology and education. However, figure 2 suggests that for several decades the

percentage of degree holders has risen much more rapidly than the percentage of symbolic analysts or technology workers.

Where in our labor market did all of these new degree holders go? They went everywhere. Figure 3 shows the percentages of workers in all of the major occupational categories who were college graduates. As these data show, the professional and technical jobs have continued to be the most closely connected to higher education, and the connection has grown closer over time. In 1940, just less than half of the people in these jobs had college degrees. By 2006–2008, more than two-thirds had degrees. But the big area of growth was actually in the management jobs. More than 90 percent of managers did not have degrees on the eve of World War II. By the twenty-first century, more than 40 percent had degrees. One might argue that these more recent, credentialed managers were better at running businesses or working with subordinates than their predecessors had been. But management is as much a matter of experience as of book learning, and there is no evidence that the managers of the 2000s are more efficient and capable than those of the 1950s.

The college graduates, moreover, did not end up only in professional, technical, and managerial fields. Every occupational area expanded its share of people with advanced degrees. More than one-fifth of clerical and sales workers had postsecondary degrees by the 2000s. One in twenty laborers had advanced degrees. The American

Figure 3
Percentage of Workers in Major Occupational Categories with College Degrees, 1940 to 2006–2008



Source: Ruggles et al. 2010.

job market held substantial numbers of people with postsecondary credentials in virtually every kind of occupation.

A look at the prevalence of contemporary jobs raises additional questions about the conventional view of the demand for positions requiring high credentials. Table 1 lists the twenty most common occupations in the United States, taken from the 2006–2008 three-year sample of the Census Bureau's American Community Survey. Nonclassified managers top the list. There is, again, some question about how many managers really need postsecondary credentials. In any event, however, if we examine many of the other common occupations, we see that the United States in the early twenty-first century really had not become a nation of symbolic analysts. The list includes unclassified laborers, cooks, truck and tractor drivers, cashiers, institutional attendants, janitors, and waiters and waitresses.

Table 1
The Twenty Most Common Occupations in the 2006–2008 American Community Surveys

	Percent of All Occupations
Managers, officials, proprietors (n.e.c.)*	12.9
Clerical and kindred workers (n.e.c.)	7.0
Operative and kindred workers (n.e.c.)	4.5
Salesmen and sales clerks (n.e.c.)	4.2
Teachers (n.e.c.)	4.1
Professional, technical, and kindred (n.e.c.)	3.5
Laborers (n.e.c.)	3.2
Stenographers, typists, secretaries	3.1
Nurses (professional)	2.3
Cooks	2.3
Truck & tractor drivers	2.3
Cashiers	2.2
Attendants, at hospitals & other institutions	1.8
Janitors	1.8
Mechanics and repairmen (n.e.c.)	1.3
Accountants and auditors	1.5
Waiters and waitresses	1.3
Foremen	1.2
Attendants, professional and personal service	1.1
Medical and dental technicians	1.1

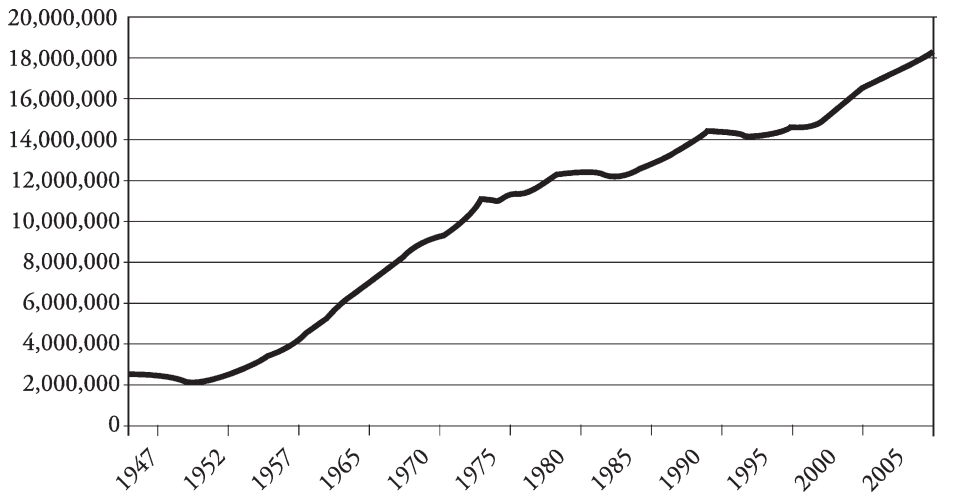
* n.e.c. = not elsewhere classified
Source: Ruggles et al. 2010.

Thus, occupations that require few credentials were not disappearing remnants of an earlier era. A report published by the Bureau of Labor Statistics in 2006 observes that "occupations that usually require only short- or moderate-term on-the-job training . . . will continue to account for about half of all jobs by 2016. These occupations require little, if any, postsecondary training. Among such occupations are retail salespersons, food preparation workers, and personal and home care aides, all of which are expected to add numerous jobs over the coming decade" (Dohm and Shniper 2006, 87). As the U.S. economy dipped into recession, the demand for workers in these types of jobs continued. In the June 3, 2009, issue of *Forbes.com,* Tara Weiss lists truck driving and unskilled labor as among the ten jobs that employers were finding hardest to fill. That these relatively low-paying, low-skilled jobs have remained in such great demand should cause us to question whether the increasing return to educational credentials noted by Goldin and Katz (2008) can be attributed only to growing demand for positions with advanced skills.

The Subsidization of Mass Higher Education

Figure 4 shows the number of students enrolled in institutions of higher education from 1947 to 2007. As it demonstrates, growth in sheer size of the higher-education industry really began at the end of the 1950s, even before baby boomers started to enter college in great numbers, and that growth continued steadily until the middle of

Figure 4
Total Enrollment in Degree-Granting Institutions, 1947–2007



Source: Snyder, Dillow, and Hoffman 2009, table 188.

the 1970s. The number continued to rise even after the great baby boom generation had passed the traditional ages of college attendance.

The long-term trend that we see here should give us serious reservations about two claims often made regarding the expansion of higher education in the United States: that it arose mainly from the GI Bill following World War II and from the demographic bulge of the baby boomers. Both of these claims, of course, describe part of what actually happened, but there is much more to the story. Much of the GI Bill's importance lies in its presaging the greater governmental subsidies for postsecondary attendance in later years. Government support for veterans' educational benefits continued and expanded with a renewal of these benefits for Korean War veterans and with the 1966 extension of benefits to those who had served in peacetime. But government educational subsidies also came to encompass the whole population as civilian federal programs followed the precedent of the veterans programs.

Baby boomers helped to turn higher education into a mass industry because in this cohort more people were going to college than ever before, not simply because the cohort was especially large. The assumptions that everyone should have postsecondary schooling and that the federal government has a responsibility for making this goal a reality became the basic driving forces behind the great transformation. These assumptions grew out of two of the great wars that followed World War II: the Cold War and the War on Poverty.

War in general has ideological consequences. The threat (or perceived threat) of conflict tends to mobilize populations and centralize authority. In October 1957, the Soviet Union launched the Sputnik satellite. In the following January, President Dwight Eisenhower proposed to Congress an educational program for strengthening the nation's defense against the Communists. On August 22, 1958, Congress adopted the president's program in the form of the National Defense Education Act. Senator John J. Sparkman of Alabama referred to this new, major act of federal support for education as a historic event, noting that it marked "the first time an education bill of this magnitude has cleared both houses" (qtd. in Furman 1958). The $900 million four-year bill provided loans to college students identified as having special abilities; gave grants to the states to enhance the teaching of science, mathematics, and languages in elementary and secondary schools; funded testing and counseling for students; gave support and directed revenues to teacher-training institutes; and paid for approaches to education that used modern technologies (Furman 1958). The act's focus on preparing elementary and secondary students for higher education encouraged the perception that all schooling through high school was a preliminary for college rather than as an end in itself.

President Lyndon B. Johnson's War on Poverty pushed federal subsidies for educational attainment toward realizing the expectation of college for all. When Johnson signed the Higher Education Act (HEA) at Southwest Texas State College in November 1965, he proudly announced that "this bill is only one of more than two

dozen education measures enacted by the first session of the 89th Congress. And history will forever record that this session . . . did more for the wonderful cause of education in America than all the previous regular sessions of Congress put together" (qtd. in "President's Talk" 1965). The HEA provided need-based scholarships, part-time jobs, and interest-free loans for low-income students, with the idea that all high school graduates should be able to go on to higher education.

The HEA was the postsecondary partner to the Elementary and Secondary Education Act of 1965 (ESEA). In his State of the Union address in that year, President Johnson explicitly linked the Cold War to the War on Poverty, urging massive federal support for his schooling initiatives as part of the effort to counter communism. He urged support for education at all levels, maintaining that the U.S. government needed "to extend the opportunity for higher education more broadly among lower and middle income families" (qtd. in Committee for Labor and Public Welfare 1965, 18). The partnership of the HEA and the ESEA thus brought elementary and secondary education into closer coordination with postsecondary education. Although many in public life may still have seen higher education as theoretically selective, college was more and more presented as a goal for everyone. With provisions for remedial education and concentration on the least advantaged, the new federal legislation aimed at bringing everyone up to the highest level through mechanisms such as the ESEA's Title I, which distributed funds to schools and school districts with high percentages of low-income students.

In 1972, Congress made new provisions for subsidizing low-income students in postsecondary schooling when it introduced Basic Educational Opportunity Grants, which became known as Pell Grants after Rhode Island senator Claiborne Pell, who was the legislation's primary sponsor. For those judged to have exceptional financial need, Pell Grants were later supplemented with Federal Supplemental Educational Opportunity Grants. Unlike the federal loans that had also come into existence in the effort to put more Americans through higher education, these grants have been free money, requiring no repayment and no particular academic preparedness or ability. The number of low-income students receiving Pell Grant money grew from 176,000 in the 1973–74 academic year to 5,428,000 in 2007–2008 (Toby 2009).

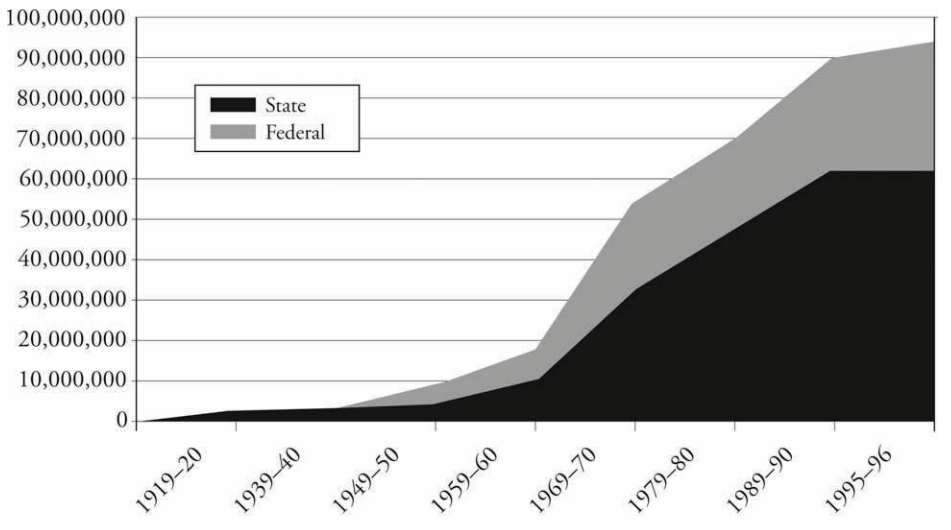
As the executive and legislative branches directly subsidized college enrollments, the judicial branch may have unintentionally increased demand for formal credentials by limiting other means of qualifying for jobs. Bryan O'Keefe and Richard Vedder (2008) have argued that when the Supreme Court limited the use of ability tests for job qualification by its decision in *Griggs v. Duke Power Co.* (401 U.S. 424 [1971]), the Court pushed employers to emphasize credentials. Qualified minority members (and others) who previously would have been able to get a job by passing tests had to put time and money into getting degrees. The subsidies provided some of the necessary money from public funds.

Even as the federal government expanded its subsidies of the higher education industry, the states poured in even more. Figure 5 shows that both state funds and federal funds devoted to higher education climbed sharply from 1960 on. States tended to provide a larger share of the overall funds because most public universities are state institutions.

California established the most extensive and the most expensive state system. The California Master Plan for Higher Education of 1960 rested on an idea that was already well entrenched—the idea that government has an obligation to make higher education available to every individual. California sought to do so by creating a system of education that was publicly funded at every level. The existing University of California, originally established at Berkeley in the nineteenth century and with campuses established later in Los Angeles and other locations, would take the top one-eighth of high school graduates. A California State system would take the top-third, and a community college system would accept all applicants.

The California plan was originally a more elaborate version of the same effort to achieve a broad-based elite established nationwide in the 1950s. However, in California as in the nation at large the concept of advanced education as an entitlement gradually came to mean that everyone should be able to aspire to joining the "elite." Many of the California State institutions became virtually open-admissions campuses over the following decade. Movement among the three levels meant that access was

Figure 5
State and Federal Funding for Institutions of Higher Education, 1919–1920 to 1995–1996 (thousands of dollars)



Source: Snyder, Dillow, and Hoffman 2009, table 348.

continually expanded. In addition, calls for creating greater access for members of minority groups and first-generation college students resulted in less selective enrollments even at the elite institutions, even after California voters prohibited the use of affirmative action through a statewide proposition in 1996.

State provision of free or low-cost educational benefits to all has not replaced the federal resources. In fact, as funds provided to individual students and to institutions have grown, more funds have been continually required. In addition to the Pell Grant and other forms of free, need-based money available from the federal government, state government, and other institutions, potential students have access to a wide range of loans. As more Americans have attended colleges and universities, higher education has become an expectation for almost everyone. I argue later that viewing postsecondary credentials as a basic requirement for good jobs has become a self-fulfilling prophecy and has contributed to the spread of the expectation regarding higher education. Increasing numbers of people consequently have gone into debt, often deeply into debt, to obtain their credentials. Further, many state governments have become unable to live up to the promises they have made to their citizens.

The Value and Cost of Credentials

We normally think of an increase in the general availability of currency or goods as leading to a decrease in market value. When there is more money in circulation, the money will purchase fewer goods. If one thinks of educational credentials as a kind of currency that can be traded for economic opportunities, then one would expect that as credentials flood the market, they will purchase fewer opportunities. Credential inflation might be understood as meaning that when degrees become more common, the gap in income, prestige, and job possibilities between those who have degrees and those who do not will decrease.

We also usually expect that the price of a product will go down when the number produced goes up. In part, this expected result comes from the producers' achievement of economies of scale, lowering the cost of producing each additional unit. In part, the dropping price comes from increasing the supply relative to the demand. The drop in price may be especially notable when the increase in supply comes from competing firms, each of which tries to undersell the others.

As I have discussed, for more than a half-century U.S. institutions of higher education have been steadily producing an increasing number of degrees. Moreover, I have also argued that the structural demand for these degrees has not kept pace with the granting of these credentials. The growth of professional and technical occupations, which have historically been most closely associated with college education, was surpassed decades ago by the growth in number of degrees. Jobs with low educational requirements are some of the most common in our occupational marketplace, and the demand for these jobs is apparently only increasing.

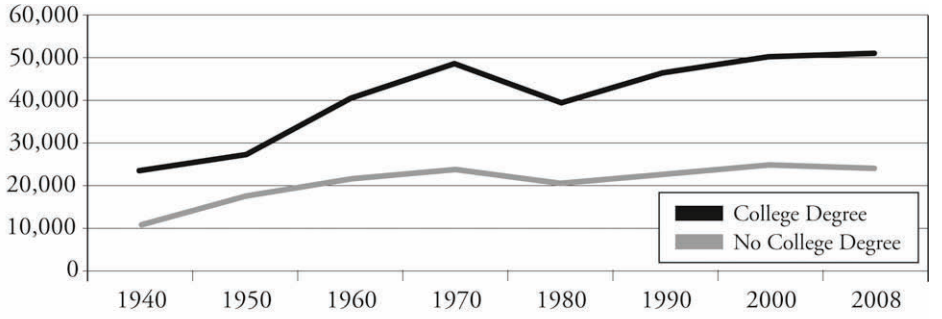
Yet degrees are nevertheless more valuable in most measurable senses than they were in earlier years. Acquiring these degrees, moreover, also costs more than it ever has before.

Figure 6 indicates that the gap in earnings between those with degrees and those without actually narrowed somewhat between 1940 and 1950. During the following decades, though, when postsecondary credentials were becoming steadily more common, the gap widened—a trend that might be interpreted as consistent with Goldin and Katz's (2008) argument that technological advances created growing demand for advanced credentials. Although the wages of college graduates showed a deep dip in 1980, reflecting the same economic hard times that helped to defeat President Jimmy Carter's reelection bid, in general the graduates have enjoyed most of the rise in real spending power, whereas those without degrees remained at about the same earnings level, controlling for inflation, from 1970 onward.

The expanding earnings gap is certainly one more encouragement for all individuals to aspire to higher education. This trend can be seen as supporting Gary Berg's (2010) egalitarian view that we can promote greater equality by extending higher education to larger numbers of people from disadvantaged backgrounds. Again, though, I argue that the need for widespread college completion has been a self-fulfilling prophecy. Recall that in figure 3, we saw that degrees have become more common in every type of job. As the degree has become more common, it has become more often a requirement. It is not at all unusual today for a small shop in a mall to look for a store manager who has completed college even though nothing about managing a store actually makes use of most of the things that students supposedly learn in college.

The spread of postsecondary credentials, along with the popular emphasis placed on higher education in a society in which higher education has become a broad expectation, has heightened the importance of credentials as an asset for obtaining a

Figure 6
Medium Wage Incomes of Americans with and without College Degrees (in 2008 Dollars), 1940–2008



Source: Ruggles et al. 2010.

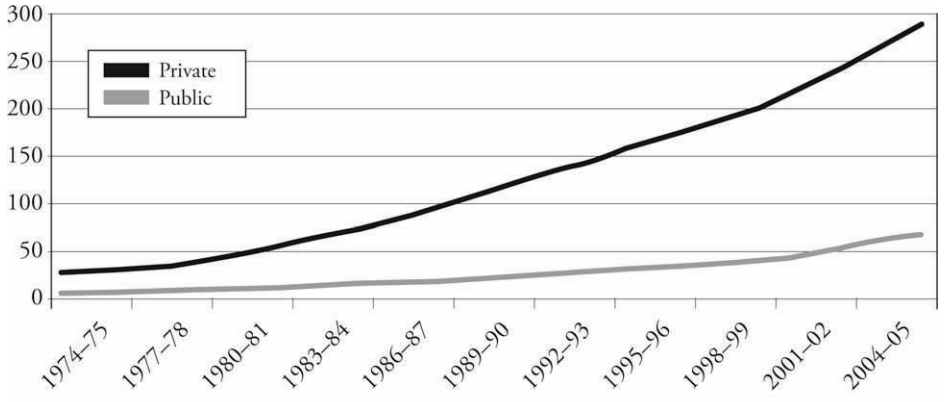
job at the expense of other assets, such as demonstrated ability or experience in a field. The financial rewards to college graduates, then, have not resulted from the proliferation of occupations that need advanced, specialized knowledge. In fact, as I argue later, having completed a higher education is today a less reliable indication of having any type of advanced, specialized knowledge than it was in the past. Instead, the proliferation of degrees has resulted in what one might call the "credentialization" of the labor market. At the same time, governmental scrutiny of hiring decisions for potential discrimination has contributed to greater reliance on college credentials (as noted in O'Keefe and Vedder 2008), contributing to the value of a degree for getting a job.

If the financial rewards for college credentials have grown, so have their costs. The reasons for the rising cost of college are hotly debated. The mass production of higher education may not have resulted in economies of scale (at least outside of new, for-profit operations such as Phoenix University) because traditional colleges are still run on traditional, apprentice-type, economically inefficient models. Vedder (2004) has argued that the relative absence of competitive forces has led to declining productivity of university faculty, thereby increasing costs. He points out that third-party payments, such as government subsidies, lower consumer sensitivity to costs. Ronald Ehrenberg (2000) has maintained that the costs of gaining credentials from elite, selective colleges have risen as a result of the intense competition for prestige among these institutions. This argument can be understood in light of the view that third-party subsidies make consumers insensitive to costs. Without motivation to keep costs down, the competition takes place almost entirely in the sphere of prestige.

The large-scale production of degrees by itself has tended to raise costs in two additional significant ways. First, as postsecondary credentials have become essential ways of getting more kinds of jobs, consumer demand for these credentials has grown. If a college degree is now required for jobs that previously required mainly experience or demonstrated competence, then people who have no real interest in the subjects taught in college and who acquire no particular knowledge while sitting in classrooms must pay the cost of the degree. Therefore, the mass availability of college education ironically can drive up the cost of postsecondary schooling as well as its financial benefits even as it debases its intrinsic value.

Figure 7 illustrates the dramatic rise in tuition costs at private institutions, at a rate even higher than the growth in tuition costs at public institutions. Equality of opportunity remains a competition to occupy unequal positions, and the ratcheting upward of the demand for credentials to achieve rewards means that people have to seek ways of getting an edge on the competition. In the past, a state university degree may have sufficed to get the most highly sought jobs, but today degrees have become so common that one from a prestigious private institution is required. As more of the students who seek to occupy elite positions attend private institutions, these institutions become the places where the ambitious need to go to establish network contacts.

Figure 7
Average Tuition and Fees in Public and Private Universities (in Hundreds of 2007 Dollars), 1974–75 to 2006–2007



Source: Snyder, Dillow, and Hoffman 2009, table 320.

An additional way in which the mass production of college education has actually increased the cost of that education can be found in the very effort to make it affordable to a wider range of the population. Subsidies, either by the government or by the educational institutions themselves, have contributed to rising costs. By putting additional funds in the hands of purchasers through grants and loans, the subsidizers have pushed up the amounts to be spent on tuition. When the institutions provide the financial aid, they must also raise costs for those not receiving aid in order to cover expenses. Subsidies, then, have pushed college costs up both indirectly, by increasing the importance of credentials in the job market, and directly, by increasing the amount of money available for enrollment to obtain those credentials.

Demand for Noncredentialed Work and Importing a Labor Force

Some may point to the rising incomes of people with degrees and the stagnant real incomes of people without degrees as evidence that the United States needs more highly educated workers. In fact, though, there is a large and continuing demand for people in occupations that require relatively little formal education. Why isn't this demand pushing up the salaries for workers in these kinds of occupations, then? Part of the answer lies in social expectations: we reward the jobs we hold in high regard, not only those that we need. But another part of the answer is that we have an abundant supply of labor to fill jobs that do not require credentials and that do not offer much prestige or pay. In the past few decades, immigration, documented and

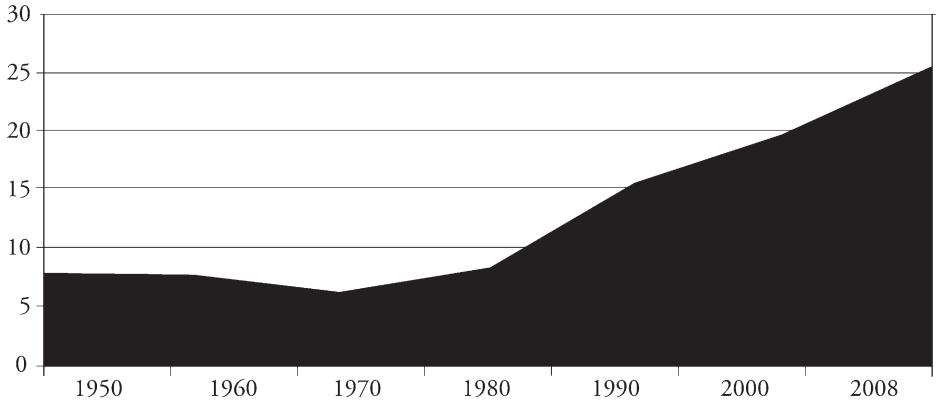
undocumented, has increased rapidly at the same time that levels of formal education in the native-born population have risen rapidly. The total foreign-born population of the United States increased from a little more than nine and half million in 1970 to about thirty-eight million in 2008, according to U.S. Census figures. The undocumented immigrant population grew from slightly more than 621,000 in the 1970s to more than one million in the 1980s, reached about three and a half million in 1990, and then grew to about eleven million by the beginning of 2009 (Hoefer, Rytina, and Baker 2010).

Many immigration scholars have concluded that this large wave of newcomers has contributed to the American economy (Simon 1999; Hanson 2007) and generated jobs (Vedder, Gallaway, and Moore 1994; Herman and Smith 2010) without adding substantial costs to spending on public assistance (Vedder, Gallaway, and Moore 2000). However, others have raised questions about the value of low-skilled workers and about why American immigrants are disproportionately low skilled. In his 1999 book *Heaven's Door: Immigration Policy and the American Economy,* immigration policy expert George Borjas observes that at the end of the twentieth century immigrants earned on average about 23 percent less than the native born. In 1960, immigrants earned only 4 percent less than natives. In addition, Borjas notes that the immigrants' educational levels declined markedly after 1960. He argues that immigration policies that favored newcomers at the bottom of the skill ladder brought in low-wage workers, depressing the incomes of the least-advantaged natives. The immigrants' economic contributions, he concedes, did add to the national income, but these contributions favored mainly people in the higher reaches of the labor market. Immigration has definite economic benefits, according to Borjas, but low-wage immigrants with limited educational assets benefit mostly higher-wage Americans, who can hire nannies, have their lawns cut and their homes repaired, and buy immigrant-produced goods at lower costs.

One problem with attributing the increase in less-educated, relatively low-paid immigration to policy is that policy affects only legal immigration. This effect would not account for the rapid growth in those who enter the country without the government's permission. According to Gordon Hanson (2007), undocumented immigrants are actually more responsive to economic demand than those who enter legally because the latter are more subject to arbitrary selection criteria and bureaucratic delays. Immigrants without documents, who arrive in response to the demands of the American economy, are especially likely to take jobs that place little emphasis on formal credentials. These jobs have been increasing rapidly during the same decades that we have been trying to direct everyone away from them by subsidizing higher education for everyone except newly arrived immigrants.

Figure 8 shows the growing role of immigrants in jobs in which less than one-quarter of job holders have college credentials. As Americans have attempted to subsidize upward mobility through formal education, they have had to import people to satisfy the demand for labor that does not require degrees. By 2008, more than

Figure 8
Percentage of Workers in Low-Credentialed Occupations Who Were Immigrants, 1950–2008



Source: Ruggles et al. 2010.

one-fourth of the workers in all the limited-credential occupations constituted imported labor.

Meat processing is an example of an industry that required more labor at the lower reaches of the labor market beginning in the late twentieth century. In the 1970s and 1980s, the U.S. meat-processing industry began moving out of large urban areas. Skill requirements for workers fell in large-scale meat-processing plants that became highly mechanized. As a result, the industry began to hire more immigrants, with the proportion of immigrants rising from 8 percent of workers in meat-processing plants in 1980 to 35 percent in 2000 (Kaushal, Reimers, and Reimers 2007). Other occupational areas also began to demand workers without much formal education. During the 1950s and 1960s, textile and carpet manufacturing moved from the Northeast to the southern United States, seeking a competitive advantage in the latter region's lower wages (Hernández-León and Zúñiga 2000, 2003, 2005).

Immigrant workers were drawn into the meat-processing and carpet industries by the labor vacuum in the low-credentialed part of the workforce. When we say that immigrants take jobs that natives do not want, we have to ask why natives do not want jobs in some of the nation's fast-growing industries. By making higher education for all into a widely accepted goal, U.S. governments and schools have essentially been telling even those who do not attend college that jobs for people with limited educations are "bad jobs."

If immigrants are doing jobs that natives do not want to do, then the natives are turning up their noses at plenty of the nation's occupations. According to my calculations from data in the U.S. Census Bureau's 2006–2008 three-year American

Community Survey, immigrants constituted more than 25 percent of the country's brick masons, 20 percent of its carpenters, 25 percent of its cement and concrete finishers, nearly 30 percent of its roofers, 20 percent of its upholsterers, almost 33 percent of its laundry operatives, just less than 50 percent of its plasterers, almost 30 percent of its meat cutters, 20 percent of its cooks, almost 40 percent of its cleaning workers, well in excess of 40 percent of its seamstresses and dressmakers, between 20 and 25 percent of its taxi drivers, 20 percent of its janitors, and more than 33 percent of its farmworkers. Many necessary and highly demanded jobs that did not require higher-education credentials were being done by imported labor, notwithstanding that government policies and public expectations had been systematically moving native-born workers away from those same occupations by insisting on the extension of postsecondary education to ever larger portions of the population.

Classroom Consequences of Mass Subsidies

Robert Hutchins, James Bryant Conant, and other early critics of mass higher education were concerned mainly with how a sudden influx of new students would affect the quality of institutions of advanced learning. These qualms about the expansion of higher educational opportunities have since been generally written off as the misplaced worries of elitists. I have argued, however, that the flood of students into the nation's colleges and universities really has proven to be problematic. The flood did not begin until long after Hutchins and Bryant expressed their controversial opinions. The influx of students, moreover, has gradually changed the quality of higher education in the United States. This change has happened for three overlapping reasons. First, as a wider range of students have entered college and university classrooms, the level of the intellectual culture of those classrooms has declined. Second, as degrees have become more valuable as credentials, the credentials themselves have acquired greater importance than any learning involved in their acquisition. Third, as more people have acquired credentials, intensified competition has occurred among degrees, and those degrees narrowly oriented toward occupations have diminished the relative value of traditional liberal arts degrees.

During the 1990s, I taught at an open-admissions public university. Although some of my students were reasonably well prepared, I also had students who seemed to be almost illiterate. Today I have the privilege of teaching at one of the country's more selective private institutions. The students are almost without exception bright, likable young people with excellent social skills, but most of them are not well read, and they have limited general knowledge.

Other university professors voice similar experiences. Jackson Toby, who retired as a professor of sociology at Rutgers University after fifty years of teaching, speaks with more authority than I possess. In his book *The Lowering of Higher Education in America* (2009), Toby laments the decline in the basic skills of students even at selective institutions and gives examples of underprepared

students at some of the best colleges. He also observes that institutions without selective admissions have even greater problems with underprepared students. He cites the cautionary history of City College of New York, which was a highly prestigious public college until 1969. Responding to popular students' demands for increased opportunities, City College became an open-admissions institution, and over the following decades the quality of its education and its students dropped. Toby presents his summary of the decline of skills in a chapter titled "Maximizing the Access to College Maximizes the Enrollment of Underprepared Students."

Along somewhat similar lines, Charles Murray (2008) argues that policies aimed at achieving college educations for all U.S. students ignore variations in ability and fail to recognize that our society does need truck drivers, janitors, electricians, and others in noncollege positions. By directing college classrooms away from educating the most intellectually able and toward educating below-average students, we lower the general level of postsecondary education, according to Murray.

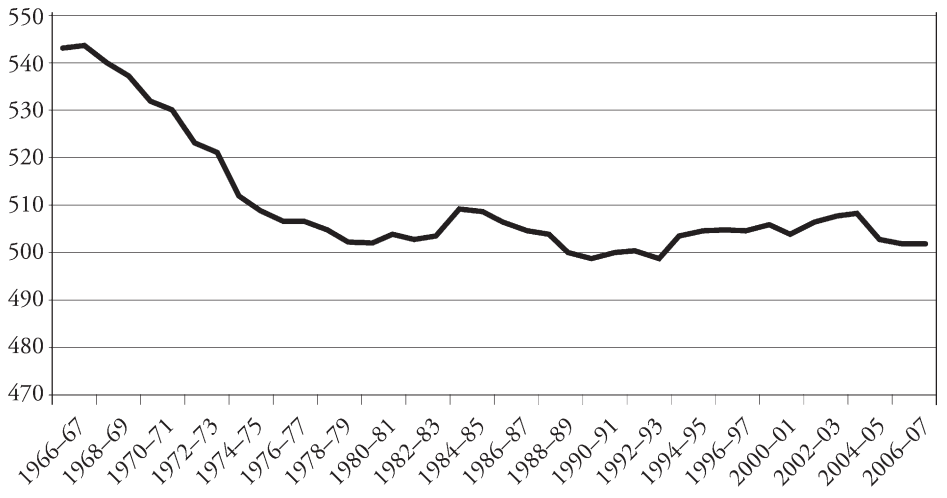
Murray tends to see variations in ability as innate, whereas Toby regards them as produced by differences in preparation. Regardless of the source of the differences, substantial evidence indicates that higher education has become oriented toward incorporating disadvantage. Remedial courses have become a common part of life in the age of mass higher education. The U.S. Department of Education 2003–2004 *National Postsecondary Student Aid Study* reports that more than one-third of American undergraduates took a remedial course after high school. During the 1990s and the early to mid-2000s, more than 90 percent of public degree-granting institutions and nearly two-thirds of private institutions offered remedial services to students (Snyder, Dillow, and Hoffman 2009, table 328).

I have already noted that mathematics SAT scores finally recovered their 1966–67 level in the late 2000s. However, the reading scores never recovered. Figure 9 shows that students' reading abilities—essential to discourse at the college level—declined sharply from the late 1960s through the 1970s.

Other indicators of educational performance show similar trends of decline in academic performance. A comparison of adult literacy scores from 1992 and 2003 shows that the reading abilities of American college graduates declined in prose literacy (the ability to read continuous texts), document literacy (the ability to read noncontinuous texts in various formats), and quantitative literacy (the reading ability needed to perform computations) (U.S. Department of Education 1992, 2003). According to a 2006 Department of Education report on international assessment of achievement, American adults in general showed lower levels of literacy and numeracy than all other nations included in the assessment except Italy (Lemke and Gonzales 2006).

What does it mean that more students who enter institutions of higher education need remediation and that Americans' average reading abilities are much lower than they were four decades ago? It does not mean just that statistical averages are

Figure 9
Critical Reading Scores on the SAT, 1966–1967 to 2007–2008



Source: Snyder, Dillow, and Hoffman 2009, table 142.

going down because of an expansion of the test-taking population. The quality of education received by each student depends on the other students in colleges and in classrooms. The exceptional student who has advanced intellectual skills will not find an environment conducive to developing those skills if the other students cannot read and discuss books and articles. An average is not simply a statistical artifact: it indicates a general level, and the general level of preparation affects every student.

Social Consequences

As the idea that all Americans should be provided with advanced education has become more firmly entrenched, we have come to see higher education as an individual entitlement. In this view, even those who choose to attend private institutions have the right to public funds. Meeting the growing claims on the public purse has required greater and greater funding. Given public expectations, continually increasing expenditures on higher education has become something of a permanent commitment for all levels of government. Subsidies for tuition and other higher education expenses have helped to push up the cost of these commitments even further. The problem with permanently increasing spending commitments, though, is that permanently increasing taxpayer incomes are not guaranteed. Cutbacks in educational spending, then, have come to be considered failures of political systems and denials of basic individual rights. Readers may judge for themselves whether higher education should be a right or a privilege. Here, I simply point out that the widespread perception of higher education as a right may have created unrealistically high expectations.

The United States dipped into a recession around the end of 2007. Although the federal government was able to continue to spend money by going more deeply into debt, many state governments faced the problem of how to fund educational entitlements out of shrinking budgets. Increased tuition costs and cutbacks in spending on resources, faculty salaries, and especially support for students began to provoke social unrest.

By early 2009, student protests against budget cuts were breaking out around the country. Activist groups declared March 4 a national day of action when protestors would "march forth." California, home of the Master Plan for Higher Education, had the largest and most disruptive protests on that day. The *Chronicle of Higher Education* reported that "groups of more than 1,000 people marched in and around the University of California campuses in Berkeley, Los Angeles, Davis, and Riverside. A larger group descended on the Capitol, in Sacramento, where university faculty members called on lawmakers to find a way to restore funds for higher education" (Keller 2010). In Berkeley, some of the marchers advanced on a major freeway interchange and held up traffic for an hour. At the University of California at Santa Cruz, officials complained that protestors were smashing car windshields and intimidating people who tried to enter or leave the campus (Keller 2010).

The unrest was a classic example of what sociologist Robert Merton (1938) calls "structural strain," a gap between generally accepted expectations and the means to achieve them. In the present case, Americans (and especially Californians) have spent decades learning to expect that higher education should be made readily available to them and that the occupations that they can obtain without higher education will consign them to social and economic failure. Widespread outrage and frustration have been understandable consequences of policies that have made unrealistic expectations the norm.

The Problem of Subsidized, Mass-Produced Higher Education

Over the past sixty years, popular beliefs and institutional tendencies have favored the growth of a publicly subsidized higher-education industry that marketed advanced credentials for all. The emergence of the United States from World War II as a victor and an international superpower as well as the booming economy of the 1950s and 1960s encouraged the belief that American life would always offer more and better opportunities of every sort for every American. Because we associated formal education with intellectual enlightenment, practical abilities, informed political decision making, and prestigious occupations, we believed that everyone could be upward bound in every way if only we made ever greater levels of schooling available to all of our population. The egalitarian commitments fostered by the era of the civil rights movement led us to believe that we should include previously excluded groups and individuals in our universal upward mobility. We would no longer be satisfied with

equal opportunity in the laissez-faire sense of placing no legal barriers before those who would work through the challenges of their own lives. We would pursue a positive form of equal opportunity that would somehow cancel out all of the differences in individual challenges and "level the playing field."

These beliefs interacted with institutional developments. Since World War II, the federal government's size and scope have expanded more than ever before in the nation's history. I have discussed how federal funding promoted the boom in enrollments. At the same time, our colleges and universities' organization imperatives have driven them constantly to seek growth, to promote the enrollment of more students, and to lobby for greater government funding.

Whether the institutional tendencies toward growth have been desirable depends on whether the justifications for growth have been sound. Those justifications, however, have been patent delusions. The only way that every American could be upwardly mobile would be if we could somehow continually outsource all of the jobs at the lower end of our socioeconomic scale to other countries, while simultaneously creating an abundance of only good, prestigious jobs. Instead, we have had to import people to do the low-prestige jobs our real economy needs. Our academies could create a nation of savants only if we raised the intellectual standards to which people aspire. Instead, we turned the whole business into a process of issuing certifications.

Higher education has become a large, government-supported corporate enterprise in this country. The massive federal subsidies to nominally private institutions have turned them into quasi-public-sector industries, which hardly makes them unique in the contemporary American economic setting. Although colleges and universities do not need to show profits, they do need to bring in large sums of money, and this imperative militates against efforts to make them smaller and more selective.

Jackson Toby's clear and unflinching look at contemporary academia has led him to argue in favor of making financial assistance available on the basis of academic ability. He wants us to move away from the needs-based approach to funding education that has dominated public policy for the past fifty to sixty years. His proposal for ending subsidies to unprepared students, if adopted, would improve classroom learning environments. This policy shift would be an excellent first step away from educational subsidies in general. Unfortunately, systemic reform will be extremely difficult. As the influential Spellings Commission report (U.S. Department of Education 2006) indicates, universal entitlements to education at every level have become unquestioned and unquestionable assumptions among most public-policy officials. Moreover, a diet of ever-increasing enrollments has fattened higher education into an enormous behemoth. It can maintain its size only by continuing to take in even more credential seekers.

It looks as though the "baby boom echo," the demographic burst of college-age students resulting from the late childbearing of the postwar generation, will come to an end in the next few years. When it does, our postsecondary schools will be

scrambling for students. They will probably recruit aggressively overseas. They will also reach even deeper into the pool in this country. Admissions will as a result become less restrictive, not more so. As the schools seek to maintain large enrollments among relatively small generations, they will also lobby the government to support the students, using the language of entitlements. In turn, the government will have more power to control and direct the activities of educational institutions and to mandate standardized, bureaucratic quality control.

Even if the current economic recession ends, states will probably have difficulty in maintaining their ever-increasing support for higher education without greater assistance from the federal government. This aid can be expected to increase federal involvement (and direction) of universities and colleges, but rising costs will still create greater problems of affordability, and tuitions will rise, bringing greater indebtedness. The costs, exacerbated by the belief that upward mobility through education is a right, will likely stir up anger and alienation, especially among relatively low-income people of traditional college age.

The centralized planners may already realize that it is not possible for everyone to have jobs at the top of the prestige ladder. The current presidential administration's increasing references to a need for investment in community colleges and vocational schools suggest that this realization already exists. However, if we move away from the half-century-long practice of attempting to direct everyone toward the top and to use federal subsidies and coordination to direct people into all ranges of socioeconomic positions, we will also take a big step toward the thoroughly planned society.

It is difficult to raise questions about the doctrine of universal, government-subsidized upward mobility through education. In a short period of history, it has become deeply engrained in American practices and culture. Precisely for this reason, though, we need to look carefully and critically at the origins and current state of the higher-education industry.

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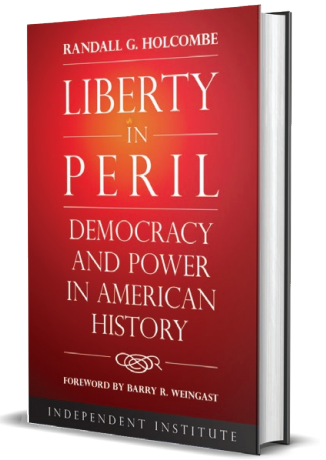

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