
WHAT GOOD IS COLLEGE?
THE ECONOMICS OF COLLEGE ATTENDANCE

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Until relatively recently, college was for only the few, and only loosely related to economic success. College graduates have always done economically better, on average, than those who did not graduate from college, but that was mostly because only the well-to-do could afford college. College, however, came to be associated in the public mind with later success in life and greater financial security. Partly as a result, college today is seen as a passport to a better life, where “better” is measured in *economic* terms. In consequence, public discourse is mostly of the *economic purposes* of education, rather than discussing the *educational purposes* of education. Consider, for example, how far we have come from Dewey’s rich and nuanced discussion of education in *Democracy and Education*.¹ While this narrowing of the purposes of schooling *might* benefit the economy, it definitely impoverishes our understanding of education and its possible contributions to civic life and human thriving.

For much of our history, there have been two main social purposes served by education. Education was seen as the development of an Aristotelian flourishing.² In addition, it was the means by which democratic citizens with the requisite republican virtue might be produced, an outcome considered central to the American political experiment.³ In today’s discourse about education’s goals and standards, these conceptions of education seem quaint. Today we know what schools are for: They should produce efficient economic units for capitalism and a pathway to a good (i.e., high-paying) job for the student (who will become a worker, not a citizen).

A consequence of this major, largely unconsidered, reconceptualization of *education* is that increased access has been used as an

¹ John Dewey, *Democracy and Education: An Introduction to the Philosophy of Education* (New York: Free Press, 1916).

² See Aristotle, *Nicomachean Ethics*, trans. Terrence Irwin (Indianapolis, IN: Hackett Publishing Company, 1985); Josef Pieper, *Leisure: The Basis of Culture* (New York: Random House, 1963); and Allan Bloom, *The Closing of the American Mind: How Higher Education Has Failed Democracy and Impoverished the Souls of Today’s Students* (New York: Simon and Schuster, 1987).

³ See Carl F. Kaestle, *Pillars of the Republic: Common Schools and American Society, 1780-1860* (New York: Hill and Wang, 1983); and David F. Labaree, “Citizens and Consumers: Changing Visions of Virtue and Opportunity in U.S. Education, 1841-1954,” in *Schooling and the Making of Citizens in the Long Nineteenth Century*, ed. Daniel Tröhler, Thomas Popkewitz, and David F. Labaree (New York: Palgrave Macmillan, 2011), 168–183.

instrument to address economic inequality, but these efforts are unlikely to succeed for reasons we will shortly consider.

FROM “EDUCATION” TO CREDENTIALS

In *How to Succeed in School without Really Learning: The Credentials Race in American Education*, David Labaree, a historian of education, points out the extent to which and the ways in which the close correlation between the level of schooling attained (i.e., high school graduate, some post-secondary, college, graduate degree) and one’s occupational future and economic prosperity has changed the meaning of and purpose for going to school.⁴ Historically, the change began as an unintended consequence of the GI Bill (officially, the Servicemen’s Readjustment Act). Prior to World War II, very few members of each generation went to college.

The intention of the bill was to allow those servicemen whose education had been interrupted by the war to resume where they had left off. The expectation was that pretty much the same population that had attended college before the war would go back to college when the war was over. However, a combination of the rapid growth of the economy after the war and the terms of the bill itself made it practical for a greatly expanded portion of the population to go to college. The combination of tuition payment and a living stipend was equivalent of giving an entire generation (of males, mostly) a chance to attend college on a full scholarship. And attend college they did.

While previous generations of students went to college for a variety of reasons—as a finishing school, for the social connections, to uphold family traditions, even to learn or study a subject of interest—getting a job was not among the motivation for many. Most who attended college in the pre-World War II period had comfortable lives waiting for them whether they attended college or not. The GI Bill changed this. Until the post-war period, the commonly observed correlation between income and education was a perfect example of the caution that correlation does not imply causation: The income differential and the additional educational attainment were both caused by the privileged status of those who could afford to go to college in the first place, and whose family and connections then advantaged them in the occupational sorting. Both college attendance and economic prosperity were results of privileged birth.

The irony was that the economic expansion after World War II created a great many openings in higher-paying jobs, and using high school, and then college, graduation as requirements for these better jobs, the correlation actually did become, after a very brief time, causation. That is, within a very short time after the GI Bill opened the door of college for those who would never previously have considered attending, businesses began selectively

⁴ David F. Labaree, *How to Succeed in School without Really Learning: The Credentials Race in American Education* (New Haven, CT: Yale University Press, 1999).

recruiting for those with degrees: One got a better job *because* one had a better education, or at least because one had more schooling.

And this distinction between a better education and more schooling is at the heart of Labaree's analysis. He begins by pointing out that there was a time, not really very long ago, when a college degree was a tangible recognition of a significant achievement, and nothing more. It was, as it were, a by-product of getting an education and valued for the achievement it denoted. The value behind the degree was the learning, of which it was a symbol.

Now clearly, there is some hyperbole here. The pursuit of learning was likely never so pure. There were many other things, prestige, class membership, and family tradition among them, that were part of what made college seem worthwhile to those who could afford both the direct and indirect costs (including opportunity costs) of college attendance. But few attended college in the hope of economic advancement in social class, since status was already assured to those who could afford college in the first place.

The very few college graduates preceding World War II did not constitute a large enough supply to create a labor pool. That was one of the things that the GI Bill changed: In the ten years following 1946, over two million veterans went to college, and more than six and a half million more went to technical school.⁵ This made it realistic for employers to use educational attainment as an employment screen in a way that they had previously been unable to do. And so they did.

The combination of veterans (and, later, others) attending college for the purpose of getting a better job with the tendency of employers to preferentially hire college graduates made the link between educational attainment and economic prosperity real and increasingly tight. This, in turn, began to change the meaning of going to college: One no longer went to college, even theoretically, to get an education. To the contrary, one goes to college to get a job.

This change in the meaning of attendance has pretty much all happened in my lifetime. When I was in college in the 1960s, there was still an effort to retain the distinction between *education* and *training*, where the former was roughly defined by Israel Scheffler as

the formation of habits of judgment and the development of character, the elevation of standards, the facilitation of

⁵ Though not the focus of this essay, it is worth noting also that high school attendance and graduation also significantly increased in this period. High school completion became so common that the term “drop out” entered our vocabulary of social concerns. By 1960, the dropout rate was 27%, by 1970 it was 15%, by 1990 it was 12%, and it has hovered around 10–12% since (<http://www.infoplease.com/ipa/A0779196.html>). Equally, it is true that this nation-wide average hides enormous inequalities between racial, ethnic, and SES groups, which does not affect the point being made here: In the U.S. national labor market, a high school diploma has not for some time served as a qualification for desirable jobs.

understanding, the development of taste and discrimination, the stimulation of curiosity and wondering, the fostering of style and a sense of beauty, the growth of a thirst for new ideas and vision of the yet unknown.⁶

Training was something much narrower and quite different: the transfer or development of the knowledge and skills specific to the performance of some job. I do not mean to imply any kind of moral or ethical hierarchy of value here, simply to point out a significant linguistic distinction no longer available to us.

Linguistically, *training* and the even more precise *job training* morphed into *vocational education*. In retrospect, public discourse in the U.S. about education policy had crossed a linguistic and conceptual Rubicon here: What used to be conceptually clear as *training* was now a modified form of *education*, no longer its own distinct thing. I recall hearing one day on the radio, many years ago, an interview with someone who said that the term *vocational education* would one day be a redundancy. The speaker was more prescient than he could possibly have known. US educational discourse now focuses very intently on the economic value of education (which is to say, preparation for a job). We pay lip service to the notion that education has a civic value in its formation of democratic citizens, but we no longer have the language to discuss, or even think about, the *educational* value of education, which is precisely what Scheffler was addressing.

This is a significant shift in language and meaning in a relatively short time. It is important to note the change, because it is commonplace to say that language expresses the way we think, but we often forget the reverse is equally true: Language shapes the way we think by giving us the vocabulary that describes and defines the world. When our language obscures the difference between training as an important aspect of preparation for the world of work, and education as a preparation for life as a fully realized human being, including participation in the polis, then we have made it significantly more difficult to have a serious conversation about the pursuit of the democratic and human purposes of true education. It becomes not only more difficult to discuss, but more difficult to even think about, to conceive of, education as something liberating and contributing to the development of citizens and human beings, not just obedient efficient economic units for the capitalist economy.

What Labaree offers us is an understanding of the consequences of converting schooling to an element of exchange, and what we have lost in the process. His analysis addresses not so much the economic advantages of obtaining a degree, as the significance of creating an economy in which a degree has become merely a medium of exchange. His point is that awarding a

⁶ Israel Scheffler, "Basic Mathematical Skills: Some Philosophical and Practical Remarks," *Teachers College Record* 78 (1976): 205.

degree as a recognition of accomplishment and an honoring of that accomplishment is not an economic exchange at all: *The degree is properly granted as a result of, but not in exchange for, the intellectual achievement that the degree represents.* It is properly an honor, not a form of currency.

However, by transforming the degree into a medium of exchange, pursued not for itself but for what it can be used to get, we have made it into a ticket to a certain kind of life—a form of currency. One does not precisely *exchange* the degree for the job, since one keeps the degree and can use it over and over again, but functionally, that is what happens. The degree is cashed in for a certain kind of job. It is no longer, for the most part, valued for itself, but for what it will “buy” for us in terms of, as we so often hear it put, “a better life than one’s parents.”

The rational behavior in any market exchange is to buy low and sell high. This becomes true of students’ pursuit of a degree, and that is not a good thing precisely because the student has now entered the realm of market exchange, not educational attainment. In a world where education is the governing paradigm, the goal is to learn as much as one can—to advance one’s knowledge as much as possible. In the world described by Scheffler (and Aristotle before him), we study with intensity precisely because of the joy that comes with achievement.

In the market, however, things are different. As Labaree points out, getting a diploma has costs. Besides direct costs of room, board, and tuition, there are the indirect opportunity costs: The student in the classroom is not earning a salary, which s/he might otherwise be doing. The same is true for the student doing homework. But there is one other sort of “cost” for the student pursuing a degree, and that is the effort “invested” in studying and the difficulty of the courses selected. *If the degree received upon graduation is a medium of exchange in a market economy rather than a recognition of significant achievement, then it makes sense for the student, now reconceived as a rational consumer, to acquire the degree for the lowest possible purchase price.*

What Labaree does, by locating the college degree as a medium of exchange in the capitalist economy, then stipulating the student as a rational agent within this economy, is show the logic of such student behaviors as asking, in the middle of a fascinating lecture, “Will this be on the test?” Such behavior is often seen as evidence either that lectures are generally boring and the content of the curriculum is meaningless and without value (John Dewey, e.g.), or that students are philistines on whom knowledge is wasted (Allan Bloom, e.g.). Labaree invites us to see such behavior instead as the question of an intelligent consumer. And to the protestation of many professors that our students are not consumers, Labaree replies that this is what we made them when we redefined the experience of going to college from the pursuit of knowledge to the procurement of a degree. One of the ways students “pay for” the degree is through time and effort committed to their studies. Since the goal is the degree, not the knowledge, it makes sense to “purchase” it for the lowest

possible “price.” That is, when we see the degree as a medium of exchange and not a recognition of achievement, studying more than necessary or learning subject matter that is not going to be on the test makes no more sense than paying an extra ten percent for tuition. That equivalence is nonsense if we think the domain is “education,” but Labaree’s point is that we are no longer in that domain.

What Labaree is pointing to here is what we might think of as a contract arrangement within a market economy: The deal we in effect make with our young is that we will give them a good job if they get a credential from a good college. The credential—the degree—serves as a ticket of admission. The other thing to note is that this deal has been, for the most part,⁷ kept over the past several generations. However, that is no longer true to anything like the same degree. In the recent recession and the period of slow recovery in which the US economy is still mired, even a college degree no longer guarantees good employment or the beginning of a desired career.

This brings us to the second part of the analysis, a consideration of what Tom Green names *the law of last entry*.⁸ To anticipate, the conclusion of Green’s analysis is that as access to higher levels of the educational system opens to previously excluded groups of the population (e.g., lower SES), that access will have lost its benefit. We thus turn the Biblical saying on its head: When it comes to education, the last shall continue to be last. This has tremendous ramifications for public policy.

Green begins by defining the law of last entry (which is really, he points out, a generalization based on empirical observation, not a logically necessary law; we could be different):

It appears that no society has been able to expand its total educational enterprise to include lower status groups *in proportion to their numbers in the population* until the system is “saturated” by the upper and middle status groups. I shall refer to this principle as the law of last entry . . . In other words, as we approach the point of universal attainment at any level of the system, the last group to enter and complete that level will be drawn from lower socioeconomic groups.⁹

There are two related points in Green’s analysis: what he calls the *law of zero correlation*¹⁰ and the *principle of the moving target*.¹¹

⁷ “For the most part” slides over significant social discriminations and privileges. The degree to which this contract has been kept is far greater for white males than for women or people of color. Nevertheless, even granting that fact, women and people of color who were college graduates did better economically than their peers who were not.

⁸ Thomas Green, *Predicting the Behavior of the Educational System* (Syracuse, NY: Syracuse University Press, 1980).

⁹ *Ibid.*, 108.

¹⁰ *Ibid.*, 91.

The law of zero correlation simply makes the point that, once any level of schooling is universal, or functionally so, there can be no correlation between that level of attainment and economic success. This is a simple tautology. In this paper I am expanding that law just a bit, since it is obvious that college completion is nowhere near universal. However, in a job market that is severely constricted in combination with a greatly expanded supply of college graduates, the oversupply will cause the price to fall. Call this the *law of reduced correlation*, or the *law of low correlation*. In the economy of academic credentials, the law of supply and demand applies.

We should see the connection here to the economic analysis of Labaree: When there is a “saturation” of people with bachelor degrees, the premium paid for them will diminish, and the correlation between educational attainment and salary will shrink. So, while there may be some residual correlation between getting the credential and improved employment opportunities, the bonus will be diminished, and at least some who receive the credential will miss out on the expected benefit altogether.

Which brings us to the principle of the moving target, the final aspect of the law of last entry we will consider: Once any level of the system is attained by everyone, whether that means everyone completes eighth grade or everyone completes college (or at least enough to saturate the market) the principle of the moving target says that *the next level of the system will become the level at which attainment will correlate with economic success*. So, for example, when educational attainment was such that everyone completed eighth grade, the job market looked for high school completion. When high school completion became virtually universal, college attendance was expected. When college attendance exceeded by far the demand for it, college completion became the standard. We have reached the point where, due to the combination of collapsing job market and expanded college attendance, college graduation no longer guarantees (or almost does so) a good job. There is clearly a limit to this upward expansion of the academic market, and we may have reached it.

What we can expect this to mean is that in the future, having a college degree will likely mean less in economic terms, while the college from which it comes will mean more. Of course, this is already and always has been true to some degree. That is, a degree from Harvard or Stanford is and always has been worth more in exchange for a job than a degree from the regional unit of a state university system, even a very good state system. We can expect this disequilibrium to increase as the competition for good jobs intensifies.

As Green puts it, using the example of high school completion, when everyone has attained some level of schooling, having earned a degree “no longer bestows any particular advantage, but having one from this or that

¹¹ Ibid., 111.

school or from this or that program may still represent a mark of distinction and may, therefore, bestow considerable advantages.”¹²

Further, “As the social utility of second-order benefits declines for those who receive them, then the social liabilities suffered by any individual as a consequence of *not* securing them will increase.”¹³ In other words, after a certain level of saturation is achieved at any level of the system, the advantages of achieving that level are very limited, but the consequences of *not* doing so are catastrophic. We are not there yet, but that does seem to be where we are heading.

IMPLICATIONS

Consider the consequences of the conditions we have created. Because the link between getting a degree and economic success is so deeply rooted in our consciousness, students who have a chance to go to college and gain entry to the middle class (or better) are likely to continue for some time to do so. The price they are likely to pay is very steep indeed. The total of student debt in the US today is approximately one trillion dollars,¹⁴ and the average student loan debt for the graduating class of 2011 was \$26,600.¹⁵ However, for those students last to gain general access to college (the group of last entry), college will have fewer returns on investment, the colleges they attend will be the most likely to have that lower return, and the target will have moved beyond that to which they can realistically aspire.

There are many implications of this analysis, but for now I want to focus on two: First, public policies that will seem to be aimed at ameliorating the social gaps implicit in these conditions are unlikely to actually do so, and, second, the burden of starting life poor is likely to grow rapidly.

As to the first point, much of public policy that addresses the question of access is aimed at increasing it by a variety of means including affirmative action, improving high school education and counseling, making financial aid more available being among the most obvious. And there is certainly a great deal to be said for all of this. However, what we need to attend to in this regard is that all of these policies provide access to the group of last entry, as a matter of definition. What this means is, is that while we might at some time in the future improve preparation of and increase access to college for the poor and disadvantaged, we will reach that goal only when that access is not likely to do much to improve their lives.

¹² *Ibid.*, 94.

¹³ *Ibid.*, 96.

¹⁴ “Student Loan Debt Statistics,” American Student Assistance, accessed June 27, 2014, <http://www.asa.org/policy/resources/stats/>.

¹⁵ Matthew Reed and Debbie Cochrane, *Student Debt and the Class of 2011* (Oakland, CA: Institute for College Access and Success, 2012), <http://projectonstudentdebt.org/files/pub/classof2011.pdf>.

Or, to be a bit more precise, whatever improvement in their lives will be in human and/or civic terms, not economic ones. This brings us back to the reflection that one of the things we have lost is the ability to discuss the variety of valid social purposes of schools. So it is possible that we will lose the single-minded focus on schooling as the production of efficient economic units (from the perspective of the economy) and as the guarantee of access to a decent job and economic security (from the perspective of the student). Perhaps if that happens, we will be able to address the other possible purposes of schooling: the development of citizenship and thriving in a human life.

CAVEATS

As Yogi Berra probably did not say, “prediction is very difficult, especially about the future.” There are many ways this analysis could be wrong. We could find ways to decrease the cost of education. We could decouple school attainment and economic advantage. Tom Green used to say, only half in jest, that the problem with dropouts is not that there are too many, but that there are too few. If we returned to the days when only 3–5% of an age cohort attended college and fewer than half graduated from high school, there would not be enough to saturate the market, and it might be again possible to engage in the sort of reflection of Scheffler about the *educational* value of education instead of perseverating on its economic advantages. We do not, to me, seem poised on the brink of such a social change.

Alternatively, we could rebuild the union movement and repair the social contract in the country so that more jobs paid a decent wage and offered decent benefits. We could in other words, redefine the labor market so there were more jobs that both could support a family and would not require a college education (expanding the job market would, of course, have the same effect on the relationship between supply and demand as reducing the number of degree holders). This sort of change requires only the understanding of why it is important and the will to make it so.
