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Our Universities: Bubbles

The words of the popular early twentieth century song *I am Forever Blowing Bubbles* may reflect the spirit of the challenges in the housing and education sectors of the U.S. economy better than most twenty-first century economists -

*I'm dreaming dreams,
I'm scheming schemes,
I'm building castles high.
They're born anew,
Their days are few,
Just like a sweet butterfly.
And as the daylight is dawning,
They come again in the morning.*

James Kendis, James Brockman and Nat Vincent, lyricists, *I am Forever Blowing Bubbles*

Housing bubbles occur when housing price increases outpace inflation for an extended period. The relative value of a house can't keep up with the relative price, and eventually, the bubble bursts. This cycle has been exacerbated by poor loan risks that were underwritten by a mortgage industry absolved of any responsibility by the bundling of loans in secondary mortgage markets. Greed was the motive for both banking bigwigs, and the Joes on the street who wanted more, faster, with no personal accountability. Politicians made a social issue of housing: that somehow homeownership was the right of every American.

Ditto for higher education, especially since the higher education enterprise has commoditized the degree and its outcomes. Higher education costs are going up quickly, and people are willing to borrow unchecked by education experts who misrepresent their ability to predict future value from past performance. The tuition lending industry accepts no responsibility for "bad" loans, universities wash their hands of any moral responsibility, and politicians who proclaim regularly that education is the salvation for the nation lead us forward toward very choppy waters.

Dante Alighieri in *The Divine Comedy* would have recognized the motivations and may have charted them something like this:

Lust: A lack of self-control, while usually sexual in nature, can be said to motivate any action where an individual's inability to exercise restraint causes hardship. In the housing market, this is a house too big with too much stuff; in education it's a degree that is merely a certificate of attendance rather than an indication of the pursuit of knowledge.

Gluttony: Want that exceeds need. Having too much as a sign of status in the case of housing. In education, the university and its administration's desire for growth for growth's sake, rather than for the sake of the educational mission.

Avarice or Greed: Wanting what has not been earned - wealth, power, prestige, a nice house, a good degree - but is expected as a birthright.

Sloth or Discouragement: The failure to use latent or developed talents and abilities to achieve desired results. The house with the white picket fence that falls into disrepair for want of basic maintenance. In education, a little bit of work with the expectation of a whole lot of grade.

Wrath: Anger that arises toward those one would rather blame than oneself. Either the housing market or job market that fails to sustain one's expectations of prosperity. Class warfare ensues based on Zip-code or institutional pedigree.

Envy: People want what others have, whether it's a third bathroom, or a higher grade in calculus. In the most extreme cases, there is a desire to keep from others what you do not have.

Pride: The belief that our triumphs are all our own, and that our failures belong to circumstance. This leads to a refusal to take responsibility as the economic wheel turns and more effort produces less result, which leaves problems unresolved and can make renewal impossible.

Of these seven trespasses, pride may be the most perplexing and difficult to address.

When home ownership and a college education mutate from healthy, legitimate aspirations into perceived inalienable rights, the value of home and degree is diminished for all. The burden of individuals who want too much is shifted to the many: Those choosing to live with what they can produce through the sweat of their brows.

Sounds harsh, but the consequences are more so.

Good universities must be willing to address the conditions before they lead to ruination. Without discussion and thoughtful action, these bubbles will burst, as those carefree bubbles in the song did a few years later on Black Tuesday, with the start of the Great Depression.