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# Our Universities: Enough to go Around

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## Our Universities: Enough to go Around

The university is a mirror of, or window to, the world. St. Paul suggested to the Church of Corinth that at times we “see through the glass darkly.” Things are not as sharp or bright as they should be. So it is, for the lack of fiscal leadership provided, at State U.

"The democracy will cease to exist when you take away from those who are willing to work and give to those who would not."

Thomas Jefferson

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Gloria Goodale, in a recent piece for the Christian Science Monitor, reminds us that 1TDay - shorthand for the day on which student debt will hit \$1 trillion - draws nigh.

People predict demonstrations across the country by students, who rightly believe that they have borrowed money for a diploma that will make them worse off, at least financially, rather than being the “ticket to the middle class” they were promised. Their feeling of betrayal is understandable, having chosen to attend universities based on the recommendations of a system that assured them that not getting a degree would condemn them to perpetual minimum-wage servitude. Many now find that the difference between their take-home pay and minimum wage won't cover their student loan payments.

University presidents across the nation are rending their garments over the increase in Stafford Loan interest rates, decrying the move they say will block students from access to higher education.

Educational debt decisions are often fueled by youthful idealism, financial naïveté, and misplaced faith in a steady stream of misinformation about what abilities are valued by employers. Five years out, many graduates come to wish that someone with more experience had stood up to them and challenged those perceptions, but that wouldn't be in the financial interest of the universities.

Although university presidents are perfectly willing to welcome these cash cows into their ivy covered halls, you would think that maybe bankers would have been willing to say no. However, with federal guarantees on students' loans, banks had the opportunity to charge interest on loans where there was zero chance of default. The government was on the hook to foot the bill. Now that the

government is loaning money directly, the financial system has little incentive to interfere. Look out Fannie Mae and Freddie Mac - there is a new Sheriff in town.

Since it's a matter of public interest, one would hope that elected officials might step in, but they can't. There are elections to be won. Maybe the parents of the students should tell them; but, a system that relies on parents being objective about their own children's abilities and potential seems to be on a shaky foundation from square one.

President Obama recently reflected on higher education, "It's an economic imperative that every family must be able to afford." Like a house? This is unfortunate, even if considering all formal post-secondary study.

Why?

When higher education was harder to come by, only those who were highly motivated pursued it. Those not so inclined could find other, equally noble paths to distinguish themselves through other forms of engagement. Being a college graduate meant something specific, and higher wages were due to the low supply of people with those specific skills.

In the intervening years, the politically fueled expansion of opportunities have weakened or eliminated schools' standards for admittance and graduation to the point that a college degree doesn't offer a particularly good measure of the ability, training, or determination of a graduate. Adam Smith taught that a saturated market leads to lower prices, and that holds true in the market for employees with degrees. So, when everybody gets a degree, the degrees obtained lose their intrinsic value, and we're back to looking at what a person can actually do.

In many ways, the student debt debacle is similar to the housing bubble. Renting is not a moral failing. Many red-blooded, real Americans choose not to own a home, whether due to a preference for urban life, a dislike of yard work, or financial realities. Some bought houses anyway, and home ownership, treated as a symbol of personal legitimacy rather than as a practical, financial decision, broke the back of the American economy. Our political and banking system treated wealth as though it could be spontaneously generated from claims of social justice.

Rather than wealth, a college degree has become a symbol of individual potential. But a degree is just a manifestation of one way to engage the world. Over time, we have both elevated it and diluted it as a measure of a person's capabilities. While training is a part of every person's life, academic scholarship

is a particular calling. It's not the same thing as intelligence, and it's not a reliable measure of a person's destiny. It can be valuable, but it comes at a cost.

Hard for some to hear? Maybe. Realistic ? Absolutely.

Serious study is a challenge that is fundamental to the way some people see the world. Our universities should be minding the store and its contents, or the benefits accrued to them will continue to diminish.

Institutional leaders can shuck n' jive all they want to. Blame lies on their front stoops too.