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# Our Universities: The Enormity of the Cost

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# Our Universities: The Enormity of the Cost

Second in the series *Follow the Money*

Money flows into universities because it is good for the people who lend, and who profit from it. Sometimes, it is even good for the people who borrow. Sometimes.

*Money you've got lots of friends  
Crowding round the door  
When you're gone and spending ends  
They don't come no more*

*God Bless The Child (1941) Billie Holiday & Arthur Herzog Jr.*

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The total financial commitment to education - Pre-K through PhD - from all sources, public and private in the United States is great. It consumes over \$1 trillion dollars annually from the federal budget, or 8% of the GDP, currently about \$15 trillion. That's only federal spending. Household spending on education in the U.S. and related expenses ...fancy shoes and shirts with horses and alligators embroidered on them so kids don't feel too badly about themselves...also increases. Adding in tuition, fees, state and local spending and the total approaches a staggering \$1.8 trillion according to Project America and the National Center for Education Statistics.

If you couple these considerable investments in an enterprise frequently deemed as less than satisfactory in performance and effect, with a freewheeling, apparently faultless, financial services industry that has loaned \$1 trillion dollars to students enrolled in post secondary institutions, the picture of an educational-financial complex appears. This image, echoing then President Eisenhower's concerns regarding the military-industrial complex, resonates.

Here's why.

In 1961, following service as president of Columbia University, and *Supreme Commander Allied Expeditionary Force* in World War II, Ike offered a reflection for the times, just three days before leaving the White House. The speech has come to be known as the *Military-Industrial Complex* speech. In it, among other notable points: *"Throughout America's adventure in free government, our basic purposes have been to keep the peace; to foster progress in human achievement, and to enhance liberty, dignity and integrity among people and among nations."* Diverse factors contribute to President Eisenhower's assessment of *"our basic purposes,"* and education, at every level, must be counted among them.

Concern in the midst of the Cold War was that together, the military and the young arms industry, would have unchecked influence on a government and its people who would spend nearly one of four dollars on defense. He invoked the nostalgic image of industry as a *"solitary inventor tinkering in his shop"* and suggested an emerging perspective of

industry and defense that included an ever-more educated populace operating in an enterprise growing in size and influence.

Ike warned that, "*The prospect of domination of the nation's scholars by Federal employment, project allocations, and the power of money is ever present and is gravely to be regarded.*"

With climbing student indebtedness universities, public and private, are ever more dependent on federal and state dollars. The same opportunities for collusion that fueled Eisenhower's well founded fears as the Sputnik era sprang to life exist now in the matrimony of education-finance.

The disquieting concentration of power propelled by the stranglehold borrowed dollars creates, generates turmoil in the shotgun marriage of education-finance. It is a legitimate concern. Too many borrow and spend too much for too little return, save a scrap of paper and a payment book.

The only inoculation for insolvency is discipline welded to purpose, in national defense or educational affairs. Ike knew it.

The *Berkeley Blog* recently carried a post by Robert Reich, Secretary of Labor under President Clinton, titled "*The Commencement Address that won't be Given.*" He implies higher education is a public good. Reich's wrong. This politically motivated incorrectness drives reckless lending-borrowing for entitlement.

The nurture and development of private achievement - a sharpened mind - may eventually lead to a public benefit, but that public benefit can never be the purpose of the university. Making individual intellectual growth a public benefit shrouds university mission in a seductive but deceptive sheath of service and duty. Public benefit is important, but secondary to individual benefit in a university and in a free society.

Individual achievement leads to public benefit.

This is the razor's edge of purpose on which a university and its service to society must be balanced and never confused or compromised. Enormous financial interests wedded to educational institutions with millions of employees create incest of the variety that concerned Ike: A seasoned warrior not afraid of much.

The educational-financial complex looks toward annual reports, balance sheets, and job creation, but these are political benefits.

A cynical view? Maybe. But the real cynicism lies in committing resources knowing that degrees are worth little, either through a student's lack of ability or initiative, or institutional incompetence. Pick your poison. As education and access to it becomes pervasive - colored by the political idea of entitlement - effectiveness evaporates and spending soars.

The vast resources committed to the education enterprise must be tailored one mind at a time. Group Think won't work. Follow the money.