



McMahon, W. M. (2017). *Higher learning, greater good: The private and social benefits of higher education* (Rev. ed.). Baltimore: Johns Hopkins University Press.

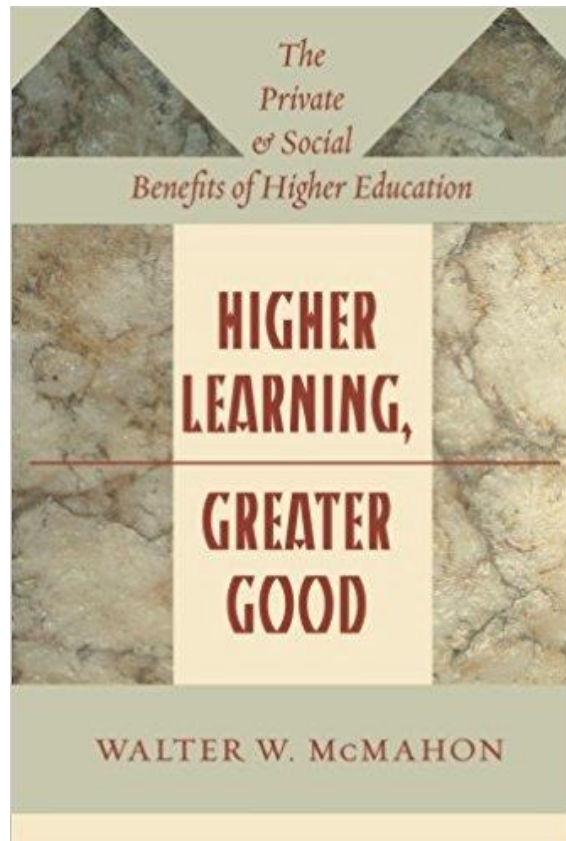
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Last fall the College Board released its annual report on college costs and, not surprisingly, tuition and fees at U.S. colleges and universities rose in 2016. No doubt, these data will add fuel to an on-going national debate about the cost and value of higher education. Education pundits say America's colleges and universities are committed to a financial model that is unsustainable. Families are increasingly concerned about whether they can afford to send their children to college. In response, legislators—more skeptical than ever about the value of a college education—dream up new accountability measures to ensure that students in higher education gain “practical” skills for the world of work.

In the midst of this debate comes the reissue of Walter W. McMahon's book, *Higher Learning, Greater Good: The Private and Social Benefits of Higher Education*. Originally published in 2009, McMahon has updated and reissued his book in 2017. The book's reappearance is timely. The new U.S. presidential



administration is, if not hostile to traditional higher education, then certainly skeptical regarding the economic and social benefits of college. Furthermore, outside the United States, McMahon notes in his new introduction, political upheavals in Western Europe, such as Brexit, make an analysis about “[educational] skill deficits, their sources, and their implications even more pressing” (p. ix).

I confess that my natural penchants toward sentimentality and cynicism fueled my motivation to read *Higher Learning*. Given that I have devoted my entire career to higher education, it was not difficult for me to be attracted to a book whose title reinforced what I viewed—provincially, of course—as my solemn work. Yet I was also wary of *Higher Learning* since McMahon is on the faculty of the University of Illinois. Professors who extol the virtues of higher education may be no more credible than dragons ruminating on the advantages of breathing fire.

McMahon is definitely old school and his book is the kind that you were required to master in a post-graduate seminar. The tightly packed font is illuminated by charts and graphs, whose essential points are no clearer having been summarized visually than rendered in prose. The book’s intellectual foundation is a half-century of empirical research, published in journals and monographs understood by an academic community no larger than Southern hamlets described by Faulkner or Williams. It is a book of relentless and powerful scholarship; a challenging and, at times, difficult document that requires careful attention to a line of argumentation that is as dense as it is logical. McMahon’s analyses are ultimately fathomable, but only if you are willing to take the time necessary to draw clarity from a prose style that lacks flourish but is nonetheless steady and clear.

Despite *Higher Learning*’s daunting scholarship and web of complex and interlocking economic principles, McMahon

insists that he wrote this book for nontechnical readers, especially policymakers and others who influence state and federal higher education agendas. That McMahon earnestly believes his message will register more deeply with short-term-memory-addled politicians over Birkenstock-clad academics during the Friday afternoon sherry hour is a positive, even salutary intention. I hope he is right.

McMahon’s goal in writing *Higher Learning* will resonate with families and policymakers nationally: “Higher education has become so expensive to students, their families, and governments that it has become essential to articulate what they are getting for their investment” (p. 118). However, unlike other researchers and organizations that are committed to this topic (for example, the College Board’s *Education Pays*, 2016, or David P. Baker’s *The Schooled Society*, 2014), McMahon’s scholarship is more comprehensive. Best of all, he largely succeeds in putting a price tag on the public and private benefits of a college education.

McMahon begins his analysis where others do by documenting that there has been a steady decline in public support for higher education, which, in turn, has shifted the cost burden to students and families to make up the difference. “As public funding of higher education per full-time students has declined, tuition has risen 29 percent in real terms net of increases in financial aid since 1996 at public institutions . . . At public institutions this increase in tuition has made up for only about one-fourth of the decline in state funding” (p. 1). But McMahon has no special ax to grind regarding public and private investment. The more important question for McMahon is determining the optimal balance of the two funding sources in sustaining colleges and universities. To do that, McMahon argues that one must—and can—identify and disentangle the various tangible benefits that accrue to individuals and society via higher education, including public and private benefits and the

market and nonmarket forces that impact them.

The special strength of McMahon's book is his description of higher education's benefits and the constituencies who profit. He notes that if higher education's only advantage was to provide greater economic advancement for individuals, then students and families should bear the costs associated with a college education. Yet McMahon show us empirically that private benefits alone do not characterize higher education outcomes. Individuals with a college degree generally hold better jobs than high school graduates, which boost tax receipts; are more likely to vote and participate in democratic institutions; and possess more opportunities to take care of themselves and their families physically and mentally. There are a number of indirect effects as well ("externalities" in McMahon's universe). Basic research conducted at universities and the patents and intellectual property that result benefit the institution and the nation. Of course, these and other benefits are devotional mantras among the higher education faithful. McMahon, however, awakens us to the idea that these benefits are quantifiable, and not simply the sentimental yearnings of those who value the liberal arts.

The author spends a great deal of time discussing "market failure" as a way describing why the current debate about the value of postsecondary education is so fraught and unproductive. For those of you who have forgotten Econ 101 (including this writer), it is the idea that without sufficiently good information about the benefits of college, people are less likely to invest in it. McMahon argues that students, families, state government, and the private sector—all constituencies likely to be affected by education—must appreciate the full range of benefits that come from an educated populace. Without this information, they are less committed to support all aspects of the higher education enterprise. McMahon writes:

If students do not appreciate that their education makes them better citizens or if they believe this, but are less likely to invest because they themselves will not capture these benefits for themselves, then it behooves the public sector to do some of the investing, understanding that non-market benefits set the stage for community, state, and national political and democratic sustenance and renewal (p. 46).

I could caricature McMahon as a human calculator who, as Oscar Wilde would say, "Knows the price of everything and the value of nothing." Yet I found his relentless econometric mindset on behalf of higher education bracingly persuasive and nearly heroic. McMahon's book is replete with—and he is unapologetic for—phrases such as the "greater good" and "quality of life." Moreover, he is the first writer I have come across who tackles—without cynicism or half-hearted qualifiers—the value of degrees in the humanities and social sciences (often the target of politicians' ire, as majors with no job prospects). McMahon asks: Who is better positioned to appreciate, instill, and maintain the rule of law in a democratic society than students in political science or those trained in our law schools? Who is better skilled to teach fourth graders than an instructor schooled in the liberal arts? McMahon apparently believes that the USA is something more than a collection of warring special interests. Indeed, one of his central policy questions asks "[H]ow far should the privatization of public and private higher education continue to go if higher education is to be economically efficient in serving the greater good?"

When was the last time you heard someone pitching for the public good who did not also propose that the good be at someone else's expense?

More refreshing is McMahon's application of a human capital perspective, in

which he argues that *choosing* to go to college is not only a “costs vs. outcomes” calculation, but a moral choice too. Middle- and upper-class Americans, who have seen first-hand the profits that come from a higher education degree, need little push to send their children to college. However, for families unfamiliar with higher education or discouraged from participating, the price of such a decision is high for both families *and* the nation. McMahan implicitly argues that the failure of the higher education “market” is the result of advocates like me who have only been partly successful in persuading families that a college education is not just a choice about what to do next, but the propellant for an entire lifetime. Even if McMahan is most comfortable addressing only empirical questions, he is at least asking them urgently.

The author’s annihilation of current accountability reforms is the only portion of the book where McMahan’s veil of impartiality becomes transparent. In several places, he criticizes the 2006 Spellings Commission report (US Department of Education, 2006), a document now a decade gathering dust. Yet that infamous report—ultimately no more influential than the scores of others that have been published since—is a touchstone for McMahan, exemplifying fatal analytical distortions that are endemic to these kinds of politically motivated reviews. One element that he seizes on is the Spellings Commission focus on a “cost disease” analysis. This analysis argues that labor-intensive industries that do not become more efficient through technology are bound to become more costly. McMahan does not disagree with this theory, but argues that it is misapplied to higher education. Highly trained faculty and others associated with higher education (e.g., physicians) are dependent upon constantly upgrading their skills or they become quickly obsolete. These skills bring not only individual prosperity, but also advances and benefits to the community and the nation. Moreover, research supported and conducted by

universities is, by definition, at the cutting edge of new knowledge and innovation. Yes, the price of labor is high to conduct this work, but the technological and cultural advancements far outweigh such costs.

The author also demonstrates that current studies measuring the outcomes of a higher education degree are too narrow. Correlating higher education degrees to first-year salaries of college graduates—so often the subject of hysterical news reports—is a poor measure of higher education’s benefits. Despite the inescapable documentation of a significant wage benefit accruing to college graduates compared to high school graduates, the salaries of graduates in the liberal arts are often touted as *prima facie* evidence of higher education’s failure. While it is true that first-year salaries for humanities graduates can be relatively low (venti Frappuccino, anyone?), McMahan insists—and then documents—that a longer time horizon is a more authentic analytical approach, showing how such a degree pays dividends throughout an individual’s lifespan.

McMahan does not let higher education off the hook entirely. He believes that higher education must be more efficient, but argues for a broader definition of productivity: “To be accountable to the public and to find ways to save costs are commendable goals. But a more meaningful analysis must define costs properly and not think of accountability only in terms of costs but instead in terms of costs relative to outcomes” (p. 27).

McMahan’s quantification of a college degree should thrill higher education advocates, but it probably will not. The academic smart set is often hostile to the very notion of education-related costs-benefit analyses. Some years ago, I carried on a long correspondence with a California legislative analyst. He needed evidence documenting the tangible benefits of a college degree, but all he heard from higher education advocates was,

“What’s the cost of ignorance?” a self-satisfied retort that disguised as much as it allowed. For many in academe even today, discussing the economic outcomes of a higher education degree seems vaguely beside the point. How can one put a price on something so central to civilization and its future? Since my conversation a decade ago, politicians have doubled-down on accountability models designed to squeeze higher education for everything it is worth. Today, it is pathetic, though not surprising, to see provosts and dean bump into each other as they scramble for cover at legislative hearings.

Defending higher education will require more than good intentions. Even if one disagrees with McMahon’s conclusions, his implicit plea is that the costs and benefits of higher education deserve not simply a more

nuanced treatment, but a worthy one. The author has accomplished something very important on the battle for higher education’s soul. He has identified in concrete terms the cost and value of a higher education degree—*any* degree. Moreover, McMahon’s book is not some apologia for the misunderstood liberal arts; nor is it a flag-waving appreciation for the uneducated but happy. *Higher Learning* is that rare book that advances the public debate rather than simply holding its pivotal questions aloft. McMahon does not merely insist that public and private investments are necessary; he’s got the goods. He shows that an optimal balance of public and private investment can be justified based on the accrued benefits higher education for individuals, organizations, and the nation. *Higher Learning, Greater Good* will not end the debate over the value of postsecondary in American life, but it should.

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