

Republicans (Bill Clinton and Jimmy Carter) and lose after campaigning as New Deal liberals (Walter Mondale) or economic populists (Al Gore) is conveniently absent from Frank's analysis.

Between them, these books cover a great deal of the political waterfront and provide a timely and accessible introduction to the history of the modern American Right, including many of the individuals and groups whose scholarly and grassroots efforts provided, and continue to provide, the intellectual energy and organizational muscle necessary for politicians of the Right to succeed electorally. What is insufficiently addressed, however, is a highly significant question that arguably merits its own book-length examination. If, as both its supporters and enemies maintain, the Right is so powerful, in both ideological and political terms, why does the federal government—25 years after Ronald Reagan's election and a decade after Newt Gingrich's Republican Revolution—remain so operationally liberal? These four authors choose not to provide us with an answer. In truth, one of the authors would disagree with the basic premise of the question. Nevertheless, collectively they have provided us with a foundation upon which an answer may be built.

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Going Broke by Degree: Why College Costs Too Much

Richard K. Vedder

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Across higher education, the alarm has been sounding: "The market is coming! The market is coming!" In just the last two years, numerous books have been published examining the effects, real and potential, of market forces on academia, including former Harvard University President Derek Bok's *Universities in the Marketplace* and University of California–Berkeley professor David Kirp's *Shakespeare, Einstein, and the Bottom Line*.

In many cases, while the authors acknowledge that some good could come from increasing market forces, they ultimately fear the sort of outcome described in *Correcting Course: How We Can Restore the Ideals of Public Higher Education in a Market-Driven Era*, a report from the Brown University-based Futures Project, which examines the interaction of academia and market forces:

Colleges and universities are under growing pressure to cut costs, measure and report on performance, and compete ever more strenuously for students, grants, funding, and prestige. In order to survive in this changing environment, many institutions have been forced to risk their long-standing dedication to core functions—from providing students of all kinds with real opportunities for social and economic mobility, to conducting high-quality research and offering valuable services that

advance the well-being of individuals, communities, states, and the nation.

Ohio University economic historian Richard K. Vedder's *Going Broke by Degree: Why College Costs Too Much*, offers a much different perspective. Vedder posits that a free market in higher education is not something to be feared, but is in fact the key to fixing much of what is faulty in America's ivory tower.

As the book's title implies, the author primarily addresses the most well-known of academia's chronic problems, skyrocketing tuition. In the process, though, he deals with a slew of academia's maladies, including, but hardly limited to, professors' falling productivity; increasingly bloated college staffs; and the rise of "celebrity" professors who cost a lot, but teach very little. He also debunks many of the assertions on which higher education's leaders stake their claim for ever-greater public funding, most notably the promise that pushing more kids through college will improve a state's economic growth.

Vedder begins by dealing with the most immediate cause of universities' seemingly boundless tuition increases: "Students increasingly rely on third parties—governments and private donors—to help finance their educations. This has enhanced the increase in demand, raised tuition levels, and provided new resources to universities" (p. 23). It's a straightforward "Econ 101" explanation, which he bolsters with line graphs that demonstrate to even the most economically illiterate reader that constant increases in student aid drive up college prices. Data from the College Board's *Trends in Student Aid 2004* show that inflation-adjusted federal student aid ballooned more than 476 percent between the 1983–84 and 2003–04 academic years, and that aid from all sources (federal, state, and institutional aid) grew more than 280 percent, corroborating Vedder's analysis.

That student aid is largely self-defeating—more aid leads to increased demand, which leads to higher tuition, which leads to the need for more aid—is perhaps the most important point of Vedder's book, especially with Congress slated to reauthorize the Higher Education Act (HEA) this year. Vedder's message needs to be heard in the HEA debate.

But Washington is not the only place where *Going Broke by Degree* could have a beneficial impact. After all, public colleges, which Vedder notes enroll more than three-quarters of all college students, are controlled by states, presenting 50 separate opportunities for reform.

The primary argument higher education officials use when lobbying for increased taxpayer subsidies of their schools is that pumping money into higher education will, in the long run, produce economic growth, enough growth to more than repay taxpayers' investment. Universities, they explain, produce college graduates, who tend to earn appreciably more over their lifetimes than those who do not attend college. Therefore, enabling more people to go to college will increase the public's aggregate income, which will in turn lead to increased tax revenue—the

first dividend. In addition, a more educated workforce is better prepared for the 21st century workplace, and is therefore less likely to suffer unemployment, and large research universities attract high-tech industries and jobs.

While Vedder notes that there is some truth to these arguments, he makes clear that some are oversold, and others are flat wrong. For example, his assessment of higher education's effect on states' economic growth gets to the heart of the matter. Based on regressions identifying the relationship between states' funding for higher education and their economic growth, Vedder concludes that "the relationship between economic growth and governmental support for universities in recent years is actually negative. The notion that expanding university support is a good 'investment' in the economy is not supported—indeed, the results would suggest we are already 'overinvested' in colleges" (p. 147).

Vedder suggests that one reason few of the promised benefits materialize is because money that is supposed to enable more students to attend college is often spent on such things as new research or greater salaries for faculties and staffs. In addition, college degrees often do not signify that a graduate has mastered certain skills or attained specific knowledge, but instead serve merely as "screening devices" that enable employers to identify people who have desirable characteristics like perseverance or motivation.

By the book's end, Vedder has demonstrated that far from corrupting higher education, market forces are needed to fix it. The crux of the problem is that federal and state governments have insulated higher education against the discipline and efficiency demanded for success in a free market by providing substantial financial incentives for individuals to go to college and compelling taxpayers to subsidize institutions that are producing at best a nebulous public good. Vedder concludes that on the merits, "a strong case can be made for government . . . withdrawing from financing higher education altogether" (p. 220).

Of course, politics will inevitably figure prominently in reform efforts, ensuring that few ideas as coherent as Vedder's will entirely prevail. However, as Congress works to reshape federal higher education policy, and as states grapple with the problems facing their colleges and universities, one hopes that the insightful and accessible logic in Vedder's book will take at least as prominent a place at the negotiating table as politics will.

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