
Regional

Higher ed facing stagnation in years to come

In the last few months a number of books have been published advancing the idea that the great American economic growth that the country witnessed since the Civil War is a thing of the past. Stagnation is now being used to describe the fact that since the 1970s the economic growth of the nation has actually been significantly slowed down and that the younger generation of Americans may be the first to not meaningfully exceed their parents' standards of living.

Although unemployment has decreased significantly since the great recession of 2007-09, the fact of the matter is that wages remain flat and the inequality between the "haves" and "have-nots" has increased dramatically. While the U.S. economy has grown over the last few years, particularly when compared with other countries including the European ones, we do not see much vitality in the world economic output as a whole, and that has also had an impact on the U.S. economy. And since economic growth and higher education are clearly interconnected, one wonders if "stagnation" is also what's happening to this nation's colleges and universities.

In the recently published "The Rise and Fall of American Growth," its author, Robert J. Gordon, points out to a number of facts that directly link economic growth and higher education. Here is some of the evidence that his book provides to illuminate that connection. One is the fact that people with better education increase their life expectancy. Another is that after World War II, the United States led the world in the percentage of young people completing college, thanks in great

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measure to the GI bill, which subsidized college expenses to veterans. However, completion rates in the U.S. have dropped and as a consequence we no longer shine in that respect. From number one we have descended to number 15 in the world in college completion of our citizens.

Another factor is that although the percentage earning four-year degrees has continued to increase, up to 40 percent of those graduates struggle to find jobs that actually require higher education. Further, even adjusted for inflation, the cost of college education has increased by a factor of 10 since the 1950s and now the total college debt burden in the country has reached \$1.2 trillion. As mentioned in a previous column, the U.S. has the most expensive higher education system in the world when measured per capita.

It is also interesting to note that although the percentage of females obtaining a postsecondary degree has increased, the percentage of males has decreased, slowing down the educational attainment for the population as a whole. This reflects also on the average personal income since more education usually results in higher lifetime earnings.

Statistics also show that one of the causes of economic inequality in this country is directly correlated with the level of education. More and more,

your level of education is closely correlated with what you earn. For example, income inequality between those with a high school degree and those with a college degree is becoming greater, leading to more inequality. For a two-income household where both members have a college degree, annual earnings are \$58,000 higher when compared to when both only have a high school diploma. These economic advantages – and disadvantages – are oftentimes passed on their children, who will either have better or worse educational opportunities because of their parents' ability to pay.

Finally, another important fact provided in this book is that between 2001 and 2012 funding by state and localities for higher education declined by a third when adjusted for inflation.

The conclusion one draws from this and other sources of information is clear: The less governments invest in education, the greater the negative impact on economic growth. Populist demands to reduce taxes no matter what, now-debunked ideas such as "trickle-down economics," and an increasing rhetoric against higher education in general have combined to form a perfect storm that is hurting higher education and putting the brakes on economic development. This situation has been directly responsible for the fact that despite gains in employment rates and economic activity since the last recession, the U.S. economy is facing a state of stagnation all the while financial inequality keeps increasing. This combination fuels the dissatisfaction and even anger we are currently witnessing from many levels of society in this year's presidential campaign. This frustration in turn is leading to even more populist

political ideas whose harm to the country will be deeper and deeper in the long run.

We all have a responsibility for this quagmire, largely due to the fact that we have not been proactive enough in communicating the value of a higher education, and, therefore, we have been losing support for it. This is particularly true in the case of public institutions.

At the end of the day we also need to remember the old but true saying that what differentiates a statesperson from a politician is that the former thinks about the next generation while the latter thinks about the next election. Unfortunately, our political class has become more and more ordinary, with an increasing number of individuals fixated on cheap slogans and false promises. The political climate in which we are living today has become the reason why so many well-intentioned, educated individuals want to stay away from the political fray. Instead of having a political class of the caliber of our Founding Fathers, we have relinquished – with few exceptions – the helm of government to the ranks of the mediocre.

If we want this country to progress and maintain its leadership in the world, we need a political class with the vision and courage to think about the next generation, not the next election. This is something we have to remember every time we are offered the opportunity to cast our opinions at the ballot box.

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