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Whose University? The Decline of the Commonwealth and What That Means for Higher Education

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I recently marked my third anniversary as president of the University of California. Many adjectives could describe my tenure here, but "uneventful" is not one of them. The Great Recession began within months of my arrival, and for the second time in three years, the university is engaged in an effort to bridge what is essentially a billion-dollar gap in its budget.

In response, the University of California has been forced to enact thousands of layoffs, systemwide salary freezes, deep departmental cuts, the furlough of employees (myself included), and a substantial increase in tuition. As I reflect on those measures, as well as on the massive state disinvestment that caused them, they seem to me to be the result of a particular phenomenon: the chipping away at, if not the outright decline of, the notion of the commonwealth, or the public good.

Take Aways

Public universities provide private returns to the individuals who attend, but they also offer benefits to the entire polity in the form of economic growth, cultural transmission, greater democratic participation, higher tax revenues, and reduced welfare payments, among others.

To preserve their ultimate mission of service, public universities must be able to depend on a three-part base of support that includes student-family contributions, private donations, and

During the many demonstrations against fee increases at the University of California, students have consistently taken up the chant: "Whose university? Our university!"

I understand what the students are saying—that is, that they have a stake in the university and in the administration's decisions. However, the more I ruminate over their rhetorical question, the more I realize that this chant actually frames a more profound societal shift—one with implications far beyond the University of California or even public universities in general.

Public universities are microcosms of the broader trends at work in our society, and they have been for decades. From the wide range of students they educate to the transformative research they develop to their ameliorative impact on local communities, public universities provide a litmus test for our country's ever-shifting demographics, mores, and national priorities.

"Whose university?" could also be "Whose park service?" or "Whose firehouse?" or "Whose freeway?" It's a question that requires us to distinguish between "public good" versus "private good" and to strike a balance between the two—a balance that navigates a course between, on the one hand, President John F. Kennedy's call to ask not what your country can do for you and, on the other, the rhetorical stance of some politicians that government is never the solution, only the problem.

To begin answering that question, we must consider the idea of the "commonwealth," a somewhat archaic term for what we now call the "commonwealth"—the notion that individuals and groups come together for the public good, whether it's to raise a schoolhouse or win a war. However, there are also, in economic terms, "public goods" and "private goods." Public goods, like a public water system or a public park, are nonrival in consumption and difficult to exclude in benefit. In other words, we all contribute something, and in return we generally all get tap water and a nice place to walk on Sunday afternoons. (I understand that these examples don't fit classical economics definitions, but I'm using them in a broader, more generic sense.)

Many goods are actually mixed in nature. They are hybrids, or public-private goods. For example, private mediators who work within a state court system are hybrids. In fact, such hybrids actually serve the public good—a private mediator might save both

state appropriations.

Evaluating universities with a "private" sensibility can help boards frame realistic priorities, adopt money-saving initiatives, and reduce waste. At the same time, state governments should recognize public universities' societal value and rededicate themselves to supporting those institutions' core functions.

taxpayers and litigants hundreds of thousands of dollars in litigation costs and expedite dispute resolution.

Hybrid goods have existed for generations. The transcontinental railroad, which was built with both government bonds and private rail companies, is one example. So is the private aerospace industry that grew in response to President Kennedy's call to go to the moon.

Public universities have always been hybrid goods. They provide private returns distinct to the individuals who consume the particular good and who pay a price representing a portion of the total cost. Yet they also offer benefits that flow to the entire polity—in the form of economic growth, cultural transmission, more democratic participation, health care, higher tax revenues, fewer incarcerations, and reduced welfare payments, among others.

Historically, such hybrids have maintained a good balance between public and private interests. In the last few decades, however, a clear privatization trend has driven American policy in all segments of our society, and it's tipping the balance of many hybrid goods towards "private." Several factors—efficiency, ideology, distrust of government—have fueled this trend. Still, widespread privatization also indicates a shift in our understanding of what the public good means.

For example, many years ago, as a young legal scholar, I first encountered *Social Statics*, written in 1851 by the British philosopher Herbert Spencer. I remember feeling incredulous as I read this book, in which Spencer argued that the postal service, among other institutions, should be fully privatized. To me, a private postal service sounded both extreme and potentially problematic.

But today, of course, the U.S. Postal Service no longer receives a direct public subsidy—and it hasn't since 1983. And while it still benefits from a legally protected monopoly on mailbox delivery, many people today do use private postal services like UPS and FedEx.

There's plenty more evidence of a tilting toward Spencer's ideology across the American landscape. In 2008 in Afghanistan, 69 percent of the Pentagon's forces were private contractors—the highest percentage in the history of American conflict and a nearly 40 percent increase since the Korean War. Of those private contractors, only 14 percent were U.S. citizens.

At the same time, in the research world, government support of research and development (R&D) as a function of Gross Domestic Product (GDP) has declined by 60 percent in the last 40 years. In fact, as the National Academies reported last year, "U.S. consumers [now] spend significantly more on potato chips than the government devotes to energy R&D."

Similarly, the rest of the world used to envy America's infrastructure, which was largely financed with public money. But now we invest only 2 percent of our GDP in it—pennies relative to China's 9 percent and the European Union's 5 percent. And while China's high percentage reflects its intent to overcome an enormous infrastructure deficit, that figure will still probably level out at a higher percentage than that of the United States in the next several years.

As hybrid goods, public universities appropriately receive taxpayer support as well as tuition support from students. Yet the balance between those two forms of support has also shifted over the last several decades. In 1970, for example, the government contribution to public universities' total revenue was nearly 60 percent, while that of student tuition was only about 15 percent. But, as of 2009, the government contribution had fallen to 25 percent of public universities' total revenue. And while in that same year student tuition—at 19 percent of that total revenue—remained closer to its 1970 figure, the percentage is higher and will probably continue to climb.

In the past, the balance between taxpayer support and tuition support tilted towards the former for some important reasons. As I wrote in *Trusteeship* nearly 20 years ago, 20th-century state governments and public research universities developed an extraordinary compact. In return for financial support from taxpayers, universities agreed to keep tuition low and to provide access for students from a broad range of economic backgrounds. They would also train graduate and professional students, promote arts and culture, help solve problems in the community, and perform groundbreaking research.

They made that compact because they understood that a well-educated population is a necessary condition for broader economic prosperity, cultural growth, and informed democracy. And we all felt the extraordinary nature of the compact after World War II,

when the public-private balance of universities actually tipped further towards public. The 1944 GI Bill of Rights gave thousands of returning soldiers access to higher education. Big initiatives like Pell Grants and California's Master Plan for Higher Education formalized massive government financial support for public universities.

That's all changing now. As many as 28 states have already slashed appropriations to their public universities. And the reason that is happening is because more and more Americans no longer believe the compact is important.

Part of this phenomenon can be explained by demographics. In the early 1960s, 57 percent of American families had children under the age of 18. Today, that number hovers around 46 percent. Meanwhile, American senior citizens now receive more than seven times the amount of federal benefits that American children do.

As a result, even though 73 percent of all undergraduate students in the United States attend public universities and community colleges, such demographic factors— in addition to the increasing value of a college degree—help explain why these degrees really look like private goods to those who don't have students in their families. At the end of the day, a college graduate's earning potential is greater than that of someone who only attended high school. And the general perception seems to be: "Why should I, when I'm struggling to make ends meet, subsidize your kid's future Lexus by giving tax dollars to higher education?"

Legislators grasp this perception. They recognize that many voters identify college degrees as private goods, so they direct state support elsewhere. However, the abandonment of state support for public universities creates some big problems, and, ultimately, these problems have an impact on everyone in our society.

First, the privatization that occurs because of this abandonment can create a system of haves and have-nots within the same state university. Private industry, with an eye towards a specialized workforce and strong profits, might support several engineering chairs, but it rarely earmarks money for the Medieval Studies program. A prosperous alumna may justifiably donate to the business school that launched her career, but the undergraduate library may suffer for funds.

Those examples might sound trivial to people who are not students. But when we compromise the overall quality of a public university, the many functions it performs in the broader community—for example, the hospitals it operates or the agricultural programs it manages—all suffer too.

Second, privatization has distributional consequences among the consumers of education. Even with the availability of scholarships, the cost of tuition can limit access for many families. And when students from less-affluent families do find ways to attend, their education can suffer from the demands of part-time or full-time jobs, the pressure to graduate on time, and the strain of growing student-loan debt.

And third—and perhaps most important in the larger scheme—privatization further weakens the public's understanding of our universities' society-wide value and subsequently its commitment to these institutions. In other words, the further we privatize, the less we see public universities as integral to the public good. We believe that only the immediate, direct beneficiaries— students and their families—should pay. If private industry kicks in the difference, then so much the better.

Still, tuition and private support cannot and should not constitute public universities' entire funding base. To do so would radically alter their mission, which is ultimately one of service: Public universities transform not only society, but also, crucially, individuals who otherwise might not have opportunities.

Let me give you an example. Earl Warren—a former governor of California and Chief Justice of the U.S. Supreme Court—came from a workingclass, immigrant family in Bakersfield, Calif. His immigrant father joked that he was "too poor to have a middle name." No one in his family had a college degree.

And yet, because the University of California accepted students from all socioeconomic backgrounds, Warren graduated from the University of California at Berkeley. For the rest of his life, he credited the university with shaping his incredible career—a career that also transformed American society.

I've been out visiting California high schools, and I've met the new Earl Warrens of the state. They're in towns like Watsonville, Fresno, and Anaheim. Just like Warren, they're mostly working class and from immigrant families. But their names are more likely to be Ernesto or Elena than Earl. And they're bent on achieving dreams just as lofty as his—

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dreams that will ultimately benefit all of us, too. And just like Warren, they know that their ticket is a college education. [September/October 2009.](#)

Juxtaposed with their dreams, however, is their home state, California, which lays bare the discrepancy between this country's vibrant private sector and its withering public one. The state has a \$2-trillion economy, the eighth largest in the world. When Californians drive from Los Angeles International Airport to the University of California at Los Angeles, or down U.S. Highway 101 in Silicon Valley, they pass all the new office complexes and shopping malls. And they're sharing the potholed road with all the employee shuttle buses for thriving companies like Apple, Google, and Microsoft.

California's state government, however, has a \$26-billion budget deficit. In other words, it's not California's economy that's broken—it's the state's political processes that are. A state blessed with the natural resources, brainpower, and powerful economic engine that California possesses ought to be able to figure out how to properly support public higher education, fill potholes, take care of the disadvantaged, and keep the criminals locked away in jail. And yet, budget cycle after budget cycle, California seems unable or unwilling to bring home a state budget that meets its societal obligations. The political brokenness behind this failure exacerbates the discrepancy between its private and public sectors, and that ripples out across the state.

The best checks against that discrepancy, both in California and in other states, are public universities like the University of California. Their service mission is to provide an excellent, affordable education for all qualified students. These universities educate the future leaders who will drive the private sector, and they educate the future leaders who will reform the public one. In order to preserve those missions, public universities must be able to depend on a three-part base of support of studentfamily contributions, private donations, and state appropriations.

As a result, what I would propose is a new higher-education compact—one that is crucial for public universities in the 21st century. Such universities should look at their operations with a private sensibility. They should establish realistic priorities, eliminate weak programs, adopt moneysaving information-technology services, and aggressively reduce waste. Yet, at the same time, state governments should rededicate themselves to supporting public universities' core functions—not least because core functions will probably never get enough from private sources. In doing so, state governments demonstrate a public commitment to, and understanding of, the universities' societal value.

And they also answer the question of "Whose university?"

And that answer is, "All of ours."

Old, young, baby boomers, families, students, alumni, faculty members, farmers, doctors, teachers, nurses, writers, lawyers, business men and women, and so many others.

In other words, the public writ large.

With our ownership, of course, comes responsibility. And our responsibility—our moral imperative—is to leave our public universities better than we received them. The Ernestos and Elenas deserve no less than Earl Warren, or the baby boomers, or today's students.

The University of California gave its state, to quote historian and author Wallace Stegner, "a society to match its scenery." I believe the same may be said of all of our nation's public universities. They might be hybrids, but they exist for the public good, and that's a value worth protecting.

[\(trusteeship/2009/septemberoctober/aligning-higher-education-renewed-public-agenda\)](#)

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