

THE CURRENT ECONOMIC CRISIS: THE  
CHALLENGE FOR HIGHER EDUCATION

I am delighted to be part of this gathering of people who care about the future of Washington State University. I can testify to the splendid start in life that I got from WSU and to the wonderful experiences and memories that came from my five and a half years in Pullman. So I am no disinterested commentator. In the very short time available to me, I should like to present just four ideas.

Let me begin by citing the remarkable achievements of our society in the period since 1950, just after World War II.

- \* Production per capita (after adjustment for inflation) nearly doubled. Remember, America had already become a very prosperous nation by 1950, the base year.
- \* The average standard of living of the American people, by any known measure, doubled. Rich America became much richer.
- \* Working conditions improved immeasurably.
- \* There was no deep depression of the kind that had previously devastated the nation every 10 or 15 years.

These are only a few indications of economic progress. But an observant person would not need any more statistical indicators to realize that the country made enormous gains since World War II. It would only be necessary to observe the millions of cars, the multitude of household appliances, the second homes, the elaborate clothing and jewelry, the beverages, the gambling at Las Vegas and elsewhere, the Christmas shopping, the expensive vacations,

the thousands of luxurious hotels and restaurants, the spectator sports, the elaborate recreations, the numbers traveling abroad, etc. America is enormously rich. Yet the country is being run as though further growth in material production and armaments are the only worthwhile goals while more fundamental human and cultural objectives are expected to bear the brunt of the effort to stop inflation. And these policies, as could be expected, are ushering in a damaging depression which happens to strike with special severity in the Pacific Northwest.

Let me now turn to some social indicators that reflect the tremendous progress of the nation in human terms over the past thirty years:

- \* The incidence of poverty declined sharply
- \* The average length of life increased by five years.
- \* Important new beginnings were made in the conservation of natural resources and the protection of the air, water, and land.
- \* Our society became demonstrably more humane and caring.
- \* The arts, science, and technology all flourished.
- \* The nation made a forward thrust in the status and welfare of women and of minority groups.
- \* The nation made some great one-time achievements, for example, it launched the Marshall Plan and restored democracy to Japan. It overcame polio, invented the computer, harnessed nuclear energy, and developed molecular biology. And perhaps most dramatic of all, it landed on the moon and explored space.

These were on the whole fantastic gains. The performance of the nation was by any count remarkable -- especially when it is considered that it had

already been very well off in the base year, 1950.

I would remind you that scarcely any item in the long list of achievements would have been attainable without the immense development in higher education that occurred during the post-war period beginning with the G I Bill. Higher education provided the educated people necessary to achieve almost all of these gains, and it provided much of the essential basic research. Perhaps, more important, our colleges and universities were centers radiating the values and the motives that underlay the great social achievements of the post-war era.

There were setbacks in the post-war period and I do not mean to minimize our economic and social problems. Obviously, we should grapple with them. But in rich American, it is not necessary to withdraw resources from our fundamental institutions and services to deal with these immediate economic problems. Especially is this so when it is realized that the United States has one of the lowest overall tax burdens of all the advanced industrial countries of the world (*Statistical Abstract*, 1980, p. 906).

My second point relates to higher education which is what we are here to discuss. Higher education is one of the social agencies that serves human needs and creates human opportunity. But it is not just another human service. It occupies a special and critical position in our society. It is the central agency of our society for the development of our greatest resources which are people and ideas. It teaches our most gifted people, it trains our teachers, our lawyers, our doctors, our business leaders, our journalists, our politicians, and other leaders and it conducts much of our adult education. Higher education also carries on most of our basic research and scholarship and much applied research as well, it produces many of our new ideas and ideals, and it is

responsible for the preservation of our cultural heritage and its interpretation to each new generation. Added to all that, higher education is a major source of philosophical and religious inquiry, it is an independent source of social criticism and public policy analysis, and it serves as a leading center for the cultivation of literature and the fine arts. Finally, not least, it performs a myriad of public services. When all the outcomes are added up, it becomes obvious that the influence of higher education radiates to every part of our society. Winston Churchill was once asked, "Why do we fight the war?" He replied, "If we stopped, you'd know why." That's the way it is with higher education -- so important but so easy to take for granted. Higher education is one of our main engines of social progress; it is not a drag on the well-being or prosperity of our society.

My third point is that the position of higher education is special not only because of the centrality of its function, but also because of its unusual financial position. The depression for higher education began not in 1981 but about 1970, more than ten years ago. The income of American colleges and universities (per student and after adjustment for inflation) has been falling ever since 1970. Tuitions, appropriations, gifts, and other sources of income have simply failed to keep pace with inflation. As a result, colleges and universities have felt the adverse effects of slow but steady retrenchment over more than a decade.

One of these effects has been deferred maintenance of buildings and equipment. Such neglect does little harm in the short run but eventually catches up in the form of leaky roofs, crumbling masonry, out-of-date library collections, and obsolete equipment.

Another more devastating form of deferred maintenance has been the declining real compensation paid to faculty and staff. Over the years since 1970, faculty salaries have declined (after adjustment for inflation) by 21 percent. During this same period salaries and wages in other industries have been increasing. Altogether, faculties have probably lost ground by 25 to 30 percent -- relative to professional persons in other industries doing comparable work. In the short run, the effects of declining relative compensation do not show. Faculty people are not instantly mobile. They are on the whole dedicated to their professions and their institutions, they like the academic atmosphere, and they leave only under great provocation. The same thing is true of aspiring young academics who are in graduate school. But over time, there are limits to the sacrifices academic people will endure. We are already beginning to see a flight from such fields as engineering and business administration where outside compensation is sometimes twice what it is in academe. And we are going to see a vast brain drain from our colleges and universities in the next few years if the salary situation is not improved.

In this connection it should be noted that most academic people are not without options for employment outside academe. Most are in fields where outside demand is strong. For example, those in engineering, physical science, biological science, business, economics, psychology, veterinary medicine, the health professions, agriculture, law, social work, etc. Really, the only exceptions are those in the humanities and in a few of the social studies. And in the long run, even these fields will run out of talent because few young people will enter them. American higher education is sitting on a time bomb in the form of an impending flight from academic work. Almost surely it will

be the most capable and energetic people who will be the first to go. One has to ask: What will the replacements be like?

Another outcome of declining resources has been the inability of institutions to introduce new programs or modify existing programs to meet changing social needs. The past ten years have been hard on creativity and innovation. If the situation worsens, higher education will become a backwater of American society.

In judging the effects of the ten-year depression of the 1970s, one must recognize that paring off the fat accumulated during the rich years of the 1950s and 1960s was not all bad. Under restrictive budgets, institutions have indeed become more cost conscious and more efficient. But the process of cutting fat eventually comes to an end and further cuts take muscle and bone, and that is what is beginning to happen today.

Though higher educational finances have lagged in the past 10 or 12 years, public demand for it has continued to be strong. Since 1970, when the financial depression in higher education began, the number of persons attending college has increased from 8.6 millions to about 12.3 millions, a gain of 43 percent. In particular, the surge of interest on the part of persons beyond the usual college age has been phenomenal. The oncoming depression is almost certain to increase demand even further.

My fourth and concluding point relates to public policy. There is no doubt that America has got itself into a jam.

The policy of the nation is, simultaneously, to increase defense spending, cut taxes, and stop inflation. The only possible outcome of this absurd economic policy is that the burden will fall on those public agencies that serve the betterment of our people and the advancement of our culture -- among them higher education.

What the nation clearly needs, and can well afford, is increased tax revenue. We need this both to stop inflation and to support essential public services. Everyone recognizes that a temporary slowing of growth in our human service programs and a temporary period of regrouping and consolidation are justified. It is time to concentrate on efficiency and quality. But it is not necessary in rich America to dismantle decades of social progress by reckless and exorbitant slashing of budgets.

I believe that the nation will come to its senses and work its way out of the present predicament. But retrenchment will probably occur on the way and higher education will probably be affected. In that case, there is need for keen sensitivity on the part of public officials in the handling of this retrenchment to prevent permanent damage. They should be careful to protect the integrity of the institutions, to maintain opportunity for the present generation of young people, and to the advancement of our culture. Institutions -- their boards, their leaders, and their faculties -- should be given maximum latitude in managing whatever retrenchment proves necessary. They are in the best position to prevent permanent damage.

In conclusion, I must say that I have full confidence that the American people will not long stand idly by and watch the carefully fashioned institutions of our society, built with great effort and sacrifice, disintegrate. Moreover, I predict that our faculties will not desert higher education except under prolonged and severe provocation. They will on the whole remain true to their mission which is to keep learning alive in America. Further, I am confident that the State of Washington with its distinguished tradition in the support of education will not allow its great universities and colleges to lapse into mediocrity.