**Clark Kerr, the Master Plan and public higher education in California today**

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**[Opening slide]**

**The positive role of government in the American 1960s**

The later 1950s and the 1960s were an extraordinary time in the United States. The great outpouring of civil energy in the second half of the 1960s, explosive, brilliant and sustained, has blocked from view the decade before, which was marked by rising expectations and all-round creativity in many spheres, including universities, research, ideas, and government itself. Government was widely seen as the site of positive action for the public good, the seat of collective well-being even in this, the most high capitalist of all societies. It was the time of the Space Race, and of the civil rights movement, and of the birth of the modern public higher education system.

Unusual circumstances after 1945 opened the way to greater social mobility and a larger role for social allocation via higher education. The two world wars and 1930s depression evacuated many of the great fortunes, providing more space for social mobility. Progressive income tax, capital taxes and inheritance taxes, used to mobilize resources for the war effort, continued into the post-war era, reducing inter-generational transfer and again creating more room for an expanding middle class. Between the 1940s and the 1970s in the US, uniquely in history, savings from labour were the main source of wealth, rather than capital incomes. The long thirty years of economic growth between 1945-1975 drove the expansion of both public and private sector employment and further enlarged the middle class and the meritocratic scope for upward mobility through education and work. This, and research science and technology, brought universities into a central role as pathways to the future.

**[California and Clark Kerr images]**

At this time the function of public planning was in high esteem, and the need for a higher education plan in late 1950s California was clear—there was rapid growth, there was unregulated sprawl and competition between sectors of education, with no clear division of labour; and the state could finance an expanding system. The central figure was Clark Kerr, Chancellor of UC Berkeley in then President of the University of California from 1958 to 1967. Kerr was the principal architect, instigator, negotiator, advocate and public face of the 1960 California Master Plan for Higher Education, the best known of all blueprints for system organization. He was also author of what is arguably still the best book on research universities, *The Uses of the University* (1963).

**The Master Plan negotiations**

The Plan was less a system blueprint than a hard-negotiated bargain between contending parties, in which Kerr protected the University of California’s monopoly of research and doctoral education. Though the state colleges gained coherence and autonomy as a sector, they were unable to secure the research role they wanted.

 The hallmark of the Master Plan was that in the rhetoric, and at first in the reality it combined the principles of excellence and access. These were previously seen as opposing principles but Kerr and the Master Planners showed that it was possible to have both within a single system, though at the price of a steep hierarchy. The Master Plan established a three-tier structure of institutions.

**California Master Plan 1960**

The University of California campuses secured their role as ‘excellent’ not only by monopolizing research but by recruiting from the top 12.5 per cent of high school graduates. The UC was separated from the two-year community colleges enrolling most of the students by the middle sector, the state colleges, providing four-year degrees to the top 33.3 per cent. The downward segmentation of opportunity, with firm barriers against upward academic drift by two-year and four-year institutions, was meant to be softened by upward transfer between tiers.

 The revolutionary change for the time was open access. The Plan ‘guaranteed that there would be a place in college for every high school graduate or person otherwise qualified who chose to attend,’ as Kerr put it. California was the first system to do this. The Master Plan promised a tripling of the enrolment by 1975. While universal access was attractive, in fiscal terms it was not as lavish as it might appear. For the first 15 years the Master Plan promised to save money by shifting part of the previously expected growth from four-year to two-year institutions.

**The public mission**

The California Master Plan tell us much about the commitment of then Californian society, and perhaps American society, to the collective public good. It was public vision and public dollars that built the California system. If California had left the task of building its higher education system to the market, the state would still be waiting.

The Master Plan was quintessentially public in its commitment to universal access and its systemic character, in its three interdependent sub-sectors of institutions operating within a common framework. Institutions competed with each other but within structured limits. It was (and is) a major departure from the idea of university as stand-alone firm, then influential in the American private sector, and more dominant in thinking about higher education today.

The Master Plan also sustained the long-term autonomy of public HEIs in a highly politicized state. Provided all sectors kept to the rules, higher education could more or less regulate itself. The constituent campuses of the University of California were protected by the Office of the President from the direct interference that plagued public universities in other states. Legally, the UC campuses were not owned by the state government, or the people of California, but by the UC regents, though the funding relationship with the state ensured continuing ties. The state colleges, later the California State University, were sustained by a new Board of Trustees which ensured that they no longer competed against each other without constraint. There was a low-key coordinating council to ensure cooperation between the sectors, though it was eventually eliminated in the post 2008 recession cuts.

Institutional autonomy did not necessarily contradict the public character of the Master Plan. Higher education was positioned as a kind of public civil society, separate from government. Public connectivity was ensured by its governing boards but individual institutions chose the ways in which they would be socially responsive. They were democratic in purpose, access and transparency, and in the range of social engagement, but closed to electoral contest or political capture. Yet they could not retreat too far from public responsibility. The trust inherent in the Master Plan rested on their capacity to identify and meet emerging social needs, to listen to vocal groups, and also to persuade those groups that the Californian way was research excellence plus higher education for all. In this gift economy, what the higher education institutions offered to the public, jointly and severally, were the gifts of mass education, meritocracy, discovery, professional training and intellectual leadership.

In public non-market production there is no natural limit to the volume and quality of outputs. There are merely opportunity costs, when within a bundle of finite resources one course of action is chosen over another. There are also limits to the imagination, but this is less of a constraint in high-research universities. The Master Plan gave the UC campuses freedom to accumulate resources, and local, national and global power, on a secure basis. In charge of their own destiny, they could become distinctive and creative. Though they were early to develop as corporate universities, they were also much more than stand-alone firms. The Master Plan freed Kerr’s multiversity to do public good, and to be itself, while holding it at the pinnacle of the higher education system.

**The excellence objective**

How then did the different components of the California Master Plan fare after 1960?

The political, fiscal and social conditions are now very different to 1960. There is continuing commitment to some aspects of the vision but not others. The division of labour between the three sub-sectors has been very stable, with no upward ‘academic drift’ from the lower tiers, but the research multiversity has travelled better than the overall system design. Excellence has been realized more completely than access.

In the Shanghai Academic Ranking of World Universities (ARWU), focused solely on research, seven UC campuses were in the world top 60 in 2016. UC Berkeley was third behind Harvard and Stanford Universities, and ahead of the University of Cambridge in the UK, Princeton, Oxford and Caltech. UC Los Angeles was twelfth and San Diego fourteenth followed by the medical campus San Francisco (21).

The University of Leiden ranking lists each university’s number of journal papers in the top 10 per cent of their field by citation rate. In the 2011-2014 period, almost 21 per cent of Berkeley papers were high citation papers, and there were 2669 such papers, behind only Harvard, Stanford, and the much larger Michigan and also Toronto in Canada. Berkeley did this without a medical school and research in clinical medicine. The nearby medical school to Berkeley is UC San Francisco, which had 1990 high citation papers in 2011-14. Together Berkeley and San Francisco produced 4659 such papers, 45 per cent more than local rival Stanford and two thirds of Harvard.

**High citation papers, in top 10% of their research field, in mathematics and physical sciences, 2011-14 (Leiden data)**

In the Leiden field-specific measures, UC Berkeley was world number one in high citation papers in Physical Sciences and Engineering. UC Davis was first in Life and Earth Sciences with Berkeley third. UC San Francisco was fourth in Biomedical and Health Sciences. In Mathematics and Computer Sciences, Berkeley was sixth. Note that here, China’s Tsinghua was number one and Nanyang in Singapore was third.

Despite this state funding cuts, especially after the 2008-2009 recession, mean that the UC is falling behind Stanford in competition for some top-end global research talent. UC tuition for the growing number of out-of-state students is rising.

**It is possible to sustain equality of opportunity in elite universities**

Moving from the excellence objective to the access objective, the UC campuses still make a good contribution to social access. I suspect that Berkeley, Los Angeles and San Diego take in more students from socio-economically disadvantaged backgrounds than do leading research universities anywhere else in the world. In total, 42 per cent of all UC students receive federal Pell Grants, allocated to families with incomes of $44,000 a year or less, enabling significant social mobility. UC Berkeley and UC Los Angeles together enrol more Pell Grant students that the leading *sixteen* private universities in the United States. All UC student aid is needs-based. Under Berkeley’s progressive tuition regime, 40 per cent of students pay no tuition and are financed by tuition from higher income families.

However, the UC takes in a relatively small minority of the age cohort. It cannot on its own sustain equality of opportunity across the whole of Californian society. The outcomes from higher education as a whole have been less favourable.

**[map of California]**

After 1960 the Californian population grew more rapidly than predicted, and social demand for higher education outstripped demographic growth. The Plan was one reason because it lifted aspirations. However, if the Plan was to expand equality of opportunity, much depended on the capacity of the Californian public schools to prepare students from all districts, and all social and ethnic backgrounds, so they could move up successfully in higher education; on the capacity of the community colleges to bring students through to completion; and on upward transfer from the community colleges through to the CSU and the UC. All of this also depended on adequate funding of both schools and higher education.

There were two internal limitations, in the structure of the Plan. First, the resource needs of the expanding system were greater than anticipated in 1960, especially after 1980—partly because the Plan itself enhanced aspirations. This made it especially vulnerable to a weakening of state finances. Second, as planned in 1960, growth was concentrated in the community colleges. Over time stratification, the institutional hierarchy, became steeper than before. As expansion proceeded, places in the University of California did not grow in proportion to places in the community colleges. In most other nations that provide research universities the proportion of young people entering those institutions has expanded markedly in the last forty years. In California the research university sector remained confined to the top 12.5 per cent This placed too much pressure on the transfer function. Transfer between institutions in a vertical hierarchy is always a second best form of social access because it requires in the student great stamina of aspiration. And in California top tier places became increasingly scarce over time, reducing the odds of upward transfer.

**The access objective after 1960**

In addition, external factors changed the Plan’s conditions of operation—changing ethnic demography, fiscal politics, and growing social and economic inequality. In 1970 California was 77 per cent white and 12 per cent Latino. By 2010, 40 per cent of California was white, 38 per cent Latino, including many first generation migrants, 13 per cent Asian-Pacific, and 6 per cent African-American. Grade 6 in the public schools was 51 per cent Latino and 27 per cent white. The Latino and African-American populations are disproportionately concentrated in poor districts and under-funded schools with low secondary education completion rates. In 2009, Latinos, with 51 per cent of grade 6, were just 28 per cent of students in public higher education. In the academically elite University of California the distribution was 38 per cent white, 33 per cent Asian-Pacific, Latino 16 per cent and African-American 4 per cent.

Graduation and transfer rates in the community colleges mirror the regional and ethnic inequalities in the school system. Upward transfer from community colleges to the Californian State University and UC varies, according to the class and ethnic composition of the community college. Some colleges play a prominent role in middle class access to UC Berkeley and other UC campuses, but in 2010 just 22 per cent of commencing community college students transferred to a four-year degree. Many failed to complete the two-year diploma, partly because the labour market standing of two-year diplomas is in decline. Community colleges are pulled between immediate graduate employability and the academic requirements of transfer, which focus on the liberal curriculum, but they are not funded to play either role well. Upward transfer is much lower among African-American and Hispanic students than among white or Asian students. In the CSU completion rates are also relatively low, at about 45 per cent, compared to 90 per cent in the University of California system.

However, the roots of social inequality in higher education are deeper than suggested by the data on unequal access and transfer. There was a breakdown of the social and political consensus on education as a public good that underpinned taxpayer support for the Master Plan in its first twenty years. The execution of the Master Plan faltered where the original Plan was strong—in the big picture, in the economics and politics.

**The importance of taxation**

In 1978 the anti-tax movement in California secured a ballot majority for Proposition 13, which sharply reduced property taxes, the main income for local counties and school districts, triggering a flurry of further tax limitations and mandates. In 1988, partly to compensate for Proposition 13, California adopted Proposition 88 which allocated 40 per cent of state income to schools and community colleges. After all other provisions were accounted for, only 15 per cent of the state budget was left unallocated. The UC and CSU were funded from that 15 per cent.

The tax revolt signified that taxation was now seen as a reduction in individual freedom rather than a shared asset used for the common good of each and all. More specifically, in education, an ageing white middle class was no longer willing to resource schools and college of good quality across all districts, for all citizens and non-citizens, including legal and illegal migrants. The 1960s belief in universal social advance through education had been jettisoned. In higher education it took time for the full impact to be felt. Years of growing state revenue alternated with funding cuts that were not restored, but it was apparent from about 1990 that California could no longer fully support the Master Plan. The 2008 recession triggered a massive fiscal reduction in all three systems of higher education, much of it not restored.

The most significant outcome is that public higher education in California, which created universal access and was followed by other systems around the world, has now lost it. The community colleges first began to turn away prospective students in bad budget years in the 1980s. At least 200,000 now miss a place each year. Those that are enrolled experience large classes and rising tuition which together with the declining value of credentials contributes to high drop out. The CSU enrolment was first reduced by 50,000 in the early 1990s and unmet demand increased after the 2008 recession. In 1960 participation was almost double the national average but California is now 43rd of the 50 in the proportion of 18-24 years olds with degrees.

**‘Greed is good’: From the 1980s to now**

But *why* did support for the common public good in education deteriorate? Arguably, the ideas underpinning the tax revolt originated in a paper by defence intellectual Kenneth Arrow in 1951, on Social choice and individual values’. Arrow asked whether it was possible to derive collectively rational decisions from the aggregation of individual preferences. He used set theory to prove that when two or more individuals were making decisions over three or more alternatives, it was logically impossible to derive collectively rational group decisions, whether through voting, social welfare policy or markets. There was no prospect of achieving a common decision consistent with every person’s individual preferences. In instances of collective decision-making, one or the other assumption would have to give way—either the outcome of individual preferences would not be collectively rational, or individuals would lose their freedom to determine personal ends. In other words, there could be no such thing as ‘the common good’ without violating individual freedoms. This became known as Arrow’s ‘impossibility theorem’.

Crucially, the reasoning was determined by Arrow’s starting position, grounded in his Cold War era rejection of collectivism: that all goods were individualized, there were no collective goods distinct from the aggregation of individual goods; that individuals made rational decisions based on utility; that their preferences were unrestricted, inviolable and incomparable. Autarkic individual freedom was absolute. The shared social conditions enabling individual freedom to be exercised were ignored, though those conditions would be fatally undermined if all persons pursued their absolute self-interest without regard for others. However, the pure logic of Arrow’s ultra-individualist position had broad appeal in the United States. Arrow’s ideas were taken further by James Buchanan, the principal creator of public choice theory, who set himself against what he called the ‘normative delusion’ that ‘the state was, somehow, a benevolent entity and those who made decisions on behalf of the state were guided by consideration of the general or public interest’. For public choice theory public officials merely pursued their self-interest, and politics was just another market.

With Ronald Reagan, the public choice theorists had a president willing to put their arguments into action. Reagan’s 1980 campaign slogan stated that government was not the solution, it was the problem, the exact reversal of Kennedy’s position in 1960. Setting himself against the notion of a common public interest, Reagan reduced taxation on high incomes and capital gains—the top tax rate was reduced from 70 to 28 per cent—cut spending on social programmes, including federal education, and in weakening unions in the workplace, triggered the surge in executive incomes. The increase in measured income inequality in the United States dates from 1980. Reagan’s policies facilitated the political culture of ‘greed is good’, creating a public world without the notion of common good, social solidarity, one that facilitated the venal world of politics that James Buchanan had imagined.

**Income shares top 1% and bottom 50%**

Since 1980 there has been extraordinary growth in American inequality in incomes and wealth, freed up by the evacuation of the public good, increasingly undermining the potentials of government that had been created in Roosevelt’s New Deal, the Kennedy and Johnson programmes and the 1960 Master Plan for Higher Education.

Between 1980 and 2010 in the US the income share held by the top 0.1 per cent of the income distribution rose from 2 per cent to nearly 10 per cent. Piketty finds that income from labour in the United States is now ‘about as unequally distributed as has ever been observed anywhere. Saez notes that the top 1 per cent of income earners captured 95 per cent of the income gains in the first three years after the 2008 recession. At the other end of the scale, between 2000 and 2010 the average income of the poorest 10 per cent of Americans fell by 15 per cent in real terms.

The table puts American inequality in comparative context. In the Nordic countries in the 1970s, the most equal modern societies, the top 1 per cent received about 7 per cent of all income. In Europe in 2010, the top 1 per cent received 10 per cent, but in the United States 20 per cent, the same level as in the aristocratic societies of pre-World War 1 Europe. In contrast with those aristocratic societies, a smaller part of inequality now derives from property and a larger proportion from salaries. In today’s workplace-based inequality there is a larger element of apparent merit. Inequality is centered on finance and business services and two thirds of the top 0.1 per cent are managers. The super-salaries of the banker and consultant are seen to derive from hard work and are often legitimated by Ivy League first degrees and MBAs.

**The new ‘meritocratic hierarchies’: The case of the United States**

The argument that wage inequality in the US is primarily driven by technological change has fallen from favour. Most industrialized countries have experienced similar technological change but exhibit divergent income patterns. However, these countries all share high levels of participation in higher education. According to the UNESCO data, in 2013 the Gross Tertiary Enrolment Ratio in the United States was 89.1 per cent. According to human capital theory, education produces human capital, which determines marginal productivity, and marginal productivity determines rates of return to graduates. This might suggest that growing income inequality is grounded in a corresponding growing inequality of skills and productivity. Yet US higher education, while highly stratified, with the leading private universities dominated by affluent families, seems to be largely decoupled from the surge in top incomes since 1980, which has been shaped primarily by tax policy and by wage fixing at work. The growth of inequality has also coincided with a slowing of upward social mobility. Since the 1960s higher education’s power to determine social outcomes has receded.

**Social inequality in achieved college degrees, USA 1970/2013: Bachelor degree by age 24, family income quartile**

The intrinsic limit to equality of opportunity in and through higher education, in any era, is irreducible differences between families in their economic, social and cultural resources. The growing inequality of incomes and wealth in the US magnifies inequality of opportunity at every point in the long chain from pre-schooling to the end of working life. Instead of public schooling and higher education stepping up so as to partly compensate for prior inequalities, as in the Nordic world, in California and the United States education is increasingly stratified along social lines. The University of California still plays its part but below it, as we have seen, the public institutions are less accessible and more impoverished than they were. Although almost 90 per cent of people reach tertiary education, but less than half achieve four-year degrees, and degree holders are highly stratified on social lines.

In 2013, a near-universal 77 per cent of persons in the top family income quartile had completed a Bachelor degree by age 24 years. In this quartile the graduation rate had almost doubled since 1970, rising from 40 to 77 per cent in 1970. In the bottom family income quartile, the graduation rate had again risen, but from 6 per cent in 1970 to just 9 per cent in 2013. In the second bottom quartile the graduation rate was 17 per cent in 2013. Thus the overwhelming majority of the bottom half of the population in income terms had not graduated by age 24. At the same time the overwhelming majority of top quartile people had done so.

In *Degrees of Inequality* (2014), political scientist Suzanne Mettler finds: ‘Over the past thirty years … our system of higher education has gone from facilitating upward mobility to exacerbating social inequality.’ Higher education fosters a society that ‘increasingly resembles a caste system: it takes Americans who grew up in different social strata and it widens the divisions between them and makes them more rigid’. Higher education ‘stratifies Americans by income group rather than providing them with ladders of opportunity. There is some dispute in the literature about whether and to what extent American social mobility is in decline, but it is safe to assume that if measured mobility is not yet declining, in the longer run it will decline, given the relentless advance of income inequality.

Of the half of the age cohort who do not achieve a degree, some graduate at two-year level but the bulk drop out before completion. Given low completion, the more impoverished educational experience and rising costs, it is not surprising that in the US the high absolute tertiary participation rate is now falling.

**[Cover of The Dream is Over]**

What are the lessons of the successes and failures of the Master Plan for Higher Education in California? Steep structural stratification in higher education weakens the potential for social equity, especially for families positioned at the base of the social pyramid, while it also tends to empty out the social value of mass higher education. It is easier to sustain a social consensus about the public good mission of stellar research universities than about universal high quality mass higher education for both social-cultural and economic-fiscal reasons. But shared social values are essential if public higher education is to fulfil the great missions of social inclusion and equalisation. A progressive taxation system, coupled with firm egalitarian policy in states not controlled by corporations and privileged families, is the lynchpin of commitment to the common good.

**[cover of Higher Education and the Common Good]**

Political cultures and state strategies vary greatly across the world. The tragedy of United States’ public higher education, once such a shining example, is that its democratic promise has fallen low, and its contribution to self-determining individual freedom and fulfilment, the philosophical centrepiece of both the American political right and the political left, has been so far reduced. Yet the 1960s American coupling of excellence and access, the world-class research university and the open system of participation with its ladder of educational opportunity, continues to set benchmarks for higher education across the world. My own judgment, in this forthcoming book, is that the element in the American recipe that most needs to be altered is the high structural inequality, the steep stratification of institutions within the system. The Nordic systems, German-speaking countries and Dutch higher education all do better structures for democratic societies. The American revolution predated the French revolution by 15years and the United States never completely broke with the idea of aristocracy; though the freedom to trade is the stronger theme in the American political culture, and since the eclipse of the Confederacy the American nobility has always been self-made—at least in the first generation. Educational aristocracy, that strange echo of feudalism in modernity, legitimates not only unequal educational outcomes but the underlying social and economic inequalities as well.