

Bloomberg

Harvard Isn't Worth It Beyond Mom's Party Chatter: Amity Shlaes

By Amity Shlaes - Mar 21, 2011
Bloomberg Opinion

Anxious families awaiting April college admission news are living their own March Madness.

Their insanity is captured in Andrew Ferguson's new book, "Crazy U: One Dad's Crash Course in Getting His Kid Into College" ([Simon & Schuster](#)). He describes the vanity of a desperate mother at a cocktail party who is dying to announce her daughter's perfect SAT scores:

"'We were really surprised at how well she did,' the mother would say, running a finger around the rim of her glass of pink Zinfandel.

Her eyes plead: Ask me what they were, just please please ask."

And you know Mom won't relent there. She wants an admissions letter from a fancy [school](#) as well. Such parents justify their ambitions on three old assumptions that recent research rates a "B" or a "C" -- not an "A."

The first of these presumed truths is that the SATs are just this month's hurdle, followed by getting a college transcript with a perfect 4.0 to get the perfect job.

Grades can matter, especially for those students and parents who live for the next round of applications to graduate or professional schools. But there's a problem with the grade emphasis. Math or science graduates earn more than students majoring in the humanities.

Cost Analysis

A [National Bureau of Economic Research paper](#) this month shows that a significant portion of kids are open to the idea of entering those more lucrative fields when they arrive at college. Then, when they don't earn A's in math or the sciences, they retreat to humanities majors -- not out of laziness but concern they cannot do the work.

The second fallacy is that debt accumulated for college is always a good investment. In coming weeks many parents will wrestle with the choice between sending their kids to an elite school or

enrolling at a less prestigious one offering lower tuition or a larger grant package. Many parents go for the name, on the theory that the returns will offset the higher costs.

But debt can ruin a child's good name, and problems tied to college loans are far wider than default rates convey. "Delinquency," a new [study](#) of 1.8 million student borrowers by the nonprofit Institute for Higher Education Policy, found that for every defaulter on college debt, there are two borrowers who are behind in payments. These delinquents see their credit ratings drop or suffer other negative consequences.

Productivity Study

The third misconception is that a top university affiliation is always and forever more valuable.

In 2006, E. Han Kim and Adair Morse of the [University of Michigan](#), along with Luigi Zingales, then of Harvard, looked at research productivity in economics and finance faculty who had connections to the top 25 universities in their fields.

They [found](#) that those who were affiliated with a name school in the 1970s produced more, and more original, work, but that that effect declined in the 1980s and weakened further in the 1990s. Some of the cleverest, most useful papers come from the non-Harvards, non-Yales and non-Chicagos.

Another recent paper squelches the notion that a name university leads to higher earnings over the long run. This study, [published](#) by the National Bureau of Economic Research in January, compared Israeli pre-professional students who had similar scores on college entrance exams. Some of the students attended the more prestigious Hebrew University while others enrolled at the less prestigious, and more expensive, College of Management Academic Studies.

Scores Matter

Initially, Hebrew University graduates earn more for lower grades than do College of Management grads. Then, within several years, the differential disappears. Those old entrance-exam scores matter more than the school's name in the longer run, conclude authors Kevin Lang of [Boston University](#) and Erez Siniver of the College of Management Academic Studies.

A twist on this theme comes from a [study](#) by Stacy Dale of Mathematica Policy Research and Alan Krueger of Princeton (not that that matters!). They found that the prestige of a university is less important than the student's test scores and the fact that he or she aimed high when applying to colleges.

So why do parents go mad in March? One answer is love for their children. Another is the pathology of college narcissism. Parents want the rear-window decal on the car for themselves. They want it so bad they ignore inputs from scholars at the very universities they hold in such high esteem.

Peer through the narcissistic fog, and you can see the desperate cocktail mom is correct to be proud of those scores. It's even a good thing that her little genius applies to, say, Dartmouth, which saw record applications this year. And if Dartmouth sends back the e-mail equivalent of the dreaded thin envelope, the little genius still has a fine future. For Mom, it may be too late.

([Amity Shlaes](#), a senior fellow in economic history at the [Council on Foreign Relations](#) and author of "The Forgotten Man: A New History of the Great Depression," is a Bloomberg News columnist. The opinions expressed are her own.)

To contact the writer of this column: Amity Shlaes at amityshlaes@hotmail.com

To contact the editor responsible for this column: James Greiff at jgreiff@bloomberg.net

©2011 BLOOMBERG L.P. ALL RIGHTS RESERVED.