
As one of 25 authors from across the field, Darity informed the findings of the Postsecondary Value Commission

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WASHINGTON, DC – In the summer of 2019, an impressive array of scholars and higher education experts authored a series of foundational research papers that would come to inform the groundbreaking findings and approach to measuring postsecondary value released earlier this year by the Institute for Higher Education Policy’s (IHEP) Postsecondary Value Commission.

Among those scholars published was William A. Darity Jr., founding director of the Samuel DuBois Cook Center on Social Equity at Duke University and the Samuel DuBois Cook Professor of Public Policy, African and African American Studies and economics at Duke University.

Darity’s paper, co-authored with recent Duke undergraduate and former Cook Center research assistant Miles Underwood and entitled “Reconsidering the Relationship between Higher Education, Earnings, and Productivity,” is available to be read here.

Formed in 2019, the Postsecondary Value Commission, co-chaired by the Bill & Melinda Gates Foundation and American Association of State Colleges and Universities, is managed by IHEP and consists of 30 diverse leaders representing colleges and universities, policymakers, advocates, researchers, the business community, and students.

Published in early October, the series provided a wealth of cutting-edge concepts from which the commission drew in developing its findings. Those findings included a conceptual definition of the value of education after high school, an innovative and practical way to measure that value, and an action agenda for policymakers at all levels to promote equitable delivery of value.

“This diverse array of scholarship by the commission’s Research Task Force was critical to the commission’s thinking about the value of postsecondary education and how higher education can provide quality, affordable credentials, offer students a better living and a better life, and promote a more fair and just society,” said Mamie Voight, interim president of IHEP. “As managing partner of the commission, we are deeply grateful to each one of the authors of this series. Their dedication to the field and thoughtful engagement with the depth and breadth of topics reflected in these papers will serve our students, our institutions, and our society as a whole for generations to come.”
In their paper, Darity and Underwood probe the assumptions in the traditional economic theory that links educational attainment to higher wages and productivity: the belief that additional educational attainment increases individuals' productivity and thus earns them greater compensation.

However, as Darity and Underwood patiently demonstrate, this model falls apart when considering the balance of evidence. Greater education sometimes in fact leads to the same level of productivity, via credential inflation, or lower productivity, as employees feel overeducated for their positions. Compensation for CEOs has skyrocketed in a manner that suggests their wages are completely untethered to productivity. And labor market discrimination, as shown through gender and racial earnings gaps and other measures, likewise “drives a wedge between any ostensibly consistent relationship between wages and productivity.”

In summary, the authors write that “the correlation between higher wages and earnings and undergraduate and postgraduate degrees does not indicate causation.” Moreover, they make the case that the value of higher education should not be measured solely through one’s earnings, and that economists and thinkers must consider “an alternate vision” of how these elements interact.

“The relationship between higher education and wages is not a clear picture but a complex inkblot,” said Darity. “We must continue to study this relationship and consider it through novel and creative lenses, or else we risk reaching naive conclusions from biased prior beliefs.”