



Harvard University
1636



WILLIAM & MARY
CHARTERED 1693
The College of
William & Mary
1693

Yale

Yale University
1701

Penn
UNIVERSITY OF PENNSYLVANIA

University of
Pennsylvania
1740

UNIVERSITY OF
DELAWARE

University of
Delaware
1743
















Why Are US Universities So Good?

PROF. SHAILENDRA RAJ MEHTA

→ President and Director, MICA, India



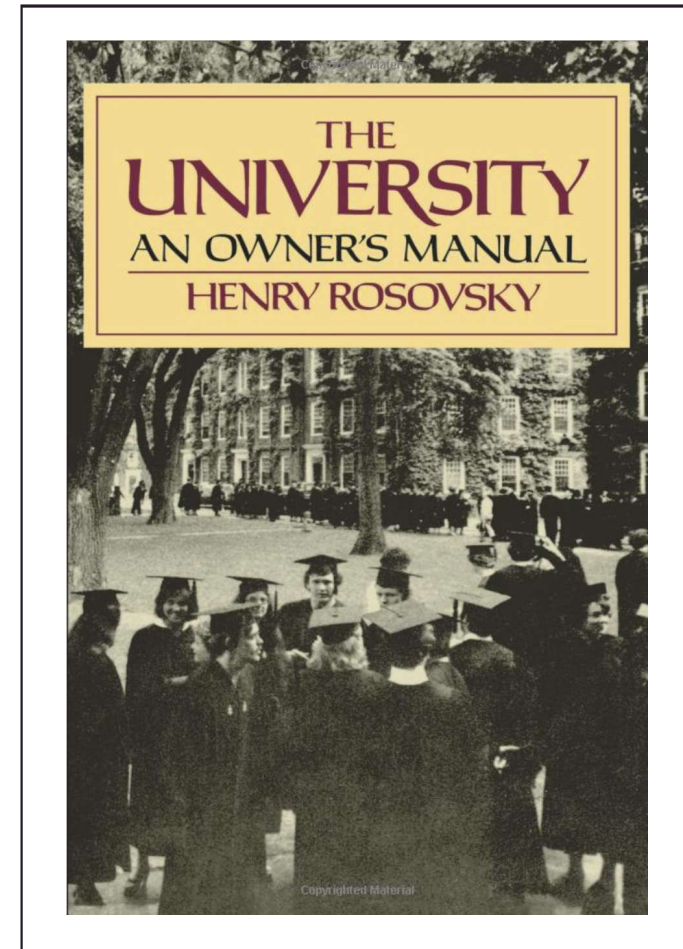
Shanghai Jiao-Tong (2020)

1	Harvard University	
2	Stanford University	
3	University of Cambridge	
4	Massachusetts Institute of Technology (MIT)	
5	University of California, Berkeley	
6	Princeton University	
7	Columbia University	
8	California Institute of Technology	
9	University of Oxford	
10	University of Chicago	
11	Yale University	
12	Cornell University	
13	University of California, Los Angeles	
14	Paris-Saclay University	
15	Johns Hopkins University	

16	University College London	
16	University of Washington	
18	University of California, San Diego	
19	University of Pennsylvania	
20	ETH Zurich	
21	University of California, San Francisco	
22	University of Michigan-Ann Arbor	
23	University of Toronto	
23	Washington University in St. Louis	
25	Imperial College London	
26	The University of Tokyo	
27	Duke University	
27	New York University	
29	Tsinghua University	
30	Northwestern University	
30	University of North Carolina at Chapel Hill	

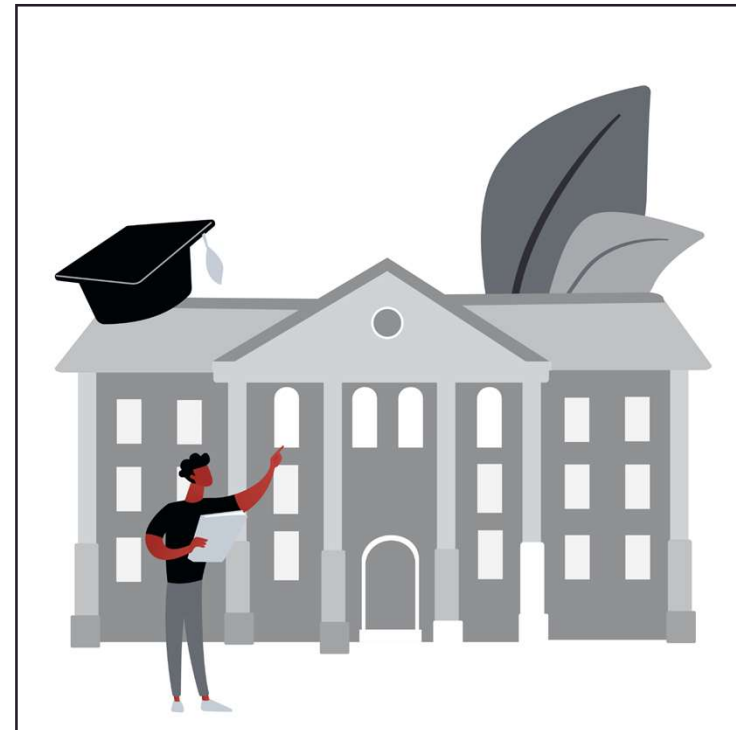
First Ranking

- Asian Wall Street journal in 1987
- Six out of the top ten Universities in the world were from the United States
- Harvard (ranked #1), Stanford, Berkeley, MIT, Yale, Cornell and Michigan. The non-US universities included Cambridge/Oxford (inexplicably clubbed together), Tokyo and Paris-Sorbonne.
- Rosovsky added that even if the top ten were expanded to the top twenty or thirty two-thirds to four-fifths of the top universities would be US based.



Why is this important?

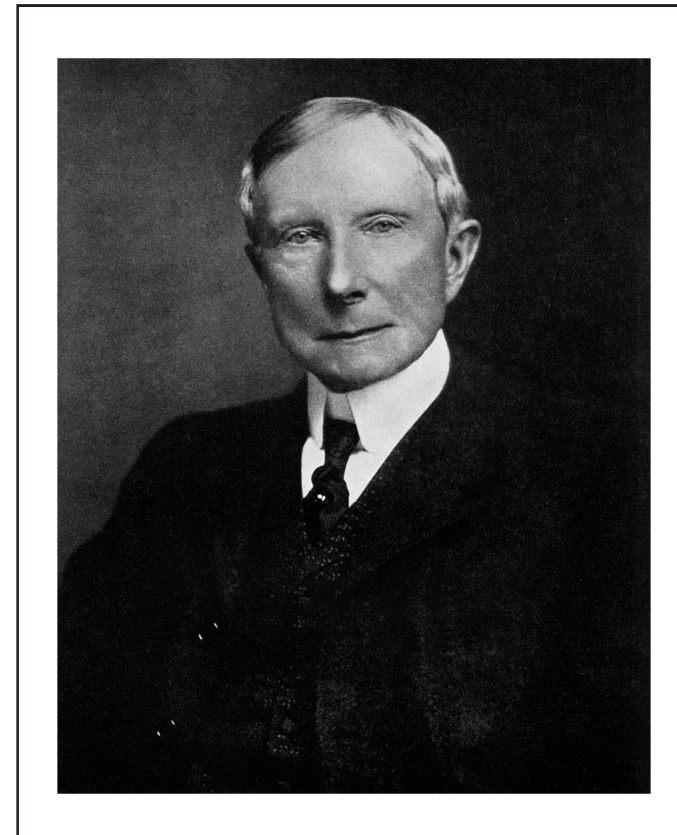
- Universities are **innovation engines** and contribute to **GDP growth**
- Universities are **carriers of culture**
- Universities are manifestations of **soft power**
- The health of universities – financial, administrative, research – is very important
- **These factors are of great interest to others!**



Time in Centuries

Philip Altbach tells the story of John D. Rockefeller (in the 1880s) asking the legendary President of Harvard University – Charles W. Eliot, what it would take to create another Harvard.

Eliot is supposed to have retorted that it would take \$50 Million and 200 years.



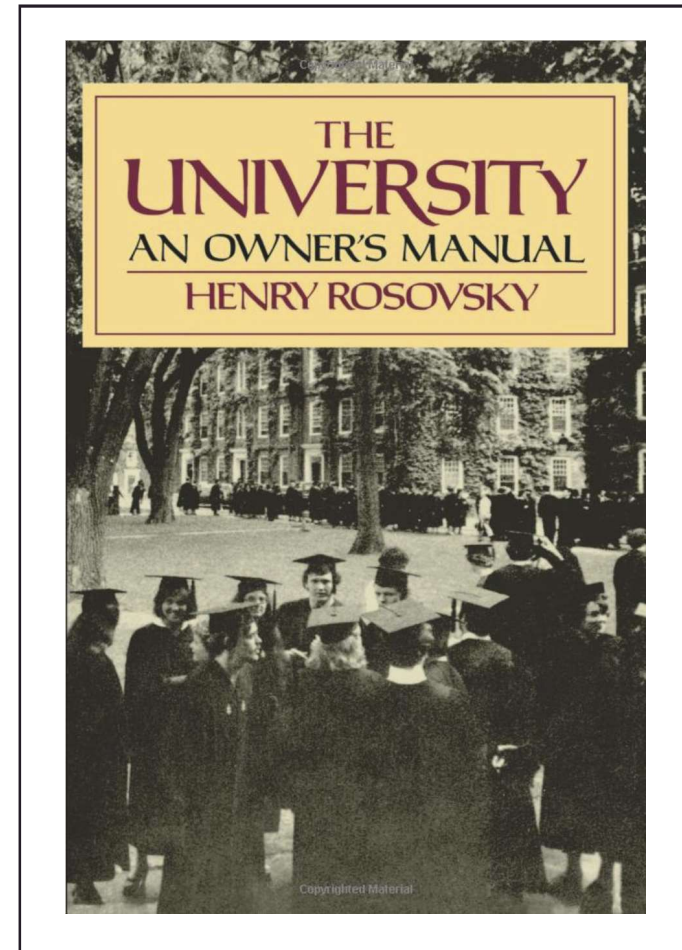
Fast Progress



- Yet, **with slightly more than \$50 Million that Rockefeller personally endowed**, University of Chicago became one of the top Universities in the world in a few short decades after its founding in 1892 ([Altbach 2004](#)).
- **Nor was the University of Chicago unique.** The same pattern has been observed in the case of other universities which, very quickly after their founding achieved international status. Noteworthy examples are Stanford, Johns Hopkins, Carnegie Mellon and Duke. How could they do it so quickly?
- **This then is another puzzle** – other great universities, notably those in Europe, took centuries to achieve their prominence.

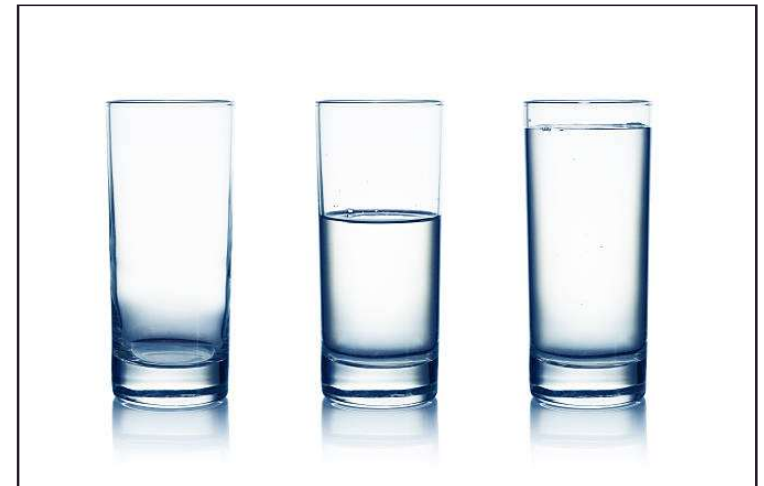
Traditional Answers

- National **wealth**,
- Large **population**,
- Government **research support** especially of science
- The constructive influence of Hitler **refugees**
- The American habit of **private philanthropy**
- **Fierce competitiveness** of American universities for students, for faculty, for athletes, for funding
- **Tenure** which involve a long period of tenure during which faculty members have to thoroughly prove themselves.
- **Unitary governance** –one person in charge - president. While educational matters are delegated to faculty, the president retains economic powers. The president is only answerable to a Board of Trustees.



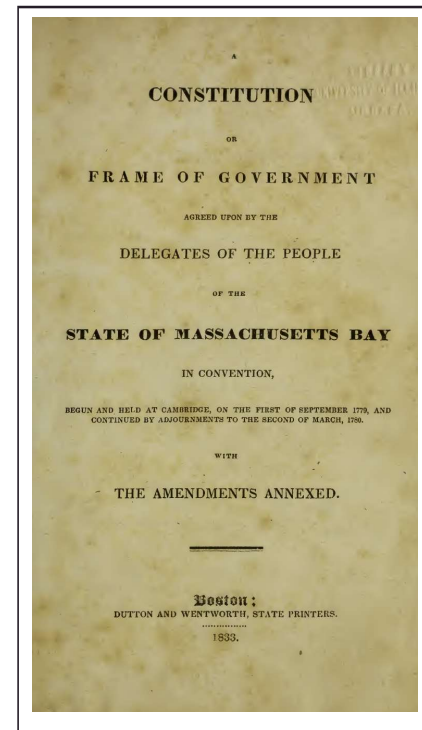
Traditional Answers Incomplete

- **National wealth** – but only 25% of the world economy and declining
- **Large population** but less than 5% of the world population
- **Government research** support especially of science – world totals larger
- **The constructive influence of Hitler refugees** – US universities were famous earlier
- The American habit of **private philanthropy** – why?
- **Fierce competitiveness** of American universities for students, for faculty, for athletes, for funding – why?
- **Tenure** which involve a long period of tenure during which faculty members have to thoroughly prove themselves – can be easily copied
- **Unitary governance** –one person in charge - president. While educational matters are delegated to faculty, the president retains economic powers. The president is only answerable to a Board of Trustees – why?



Alumni Governance

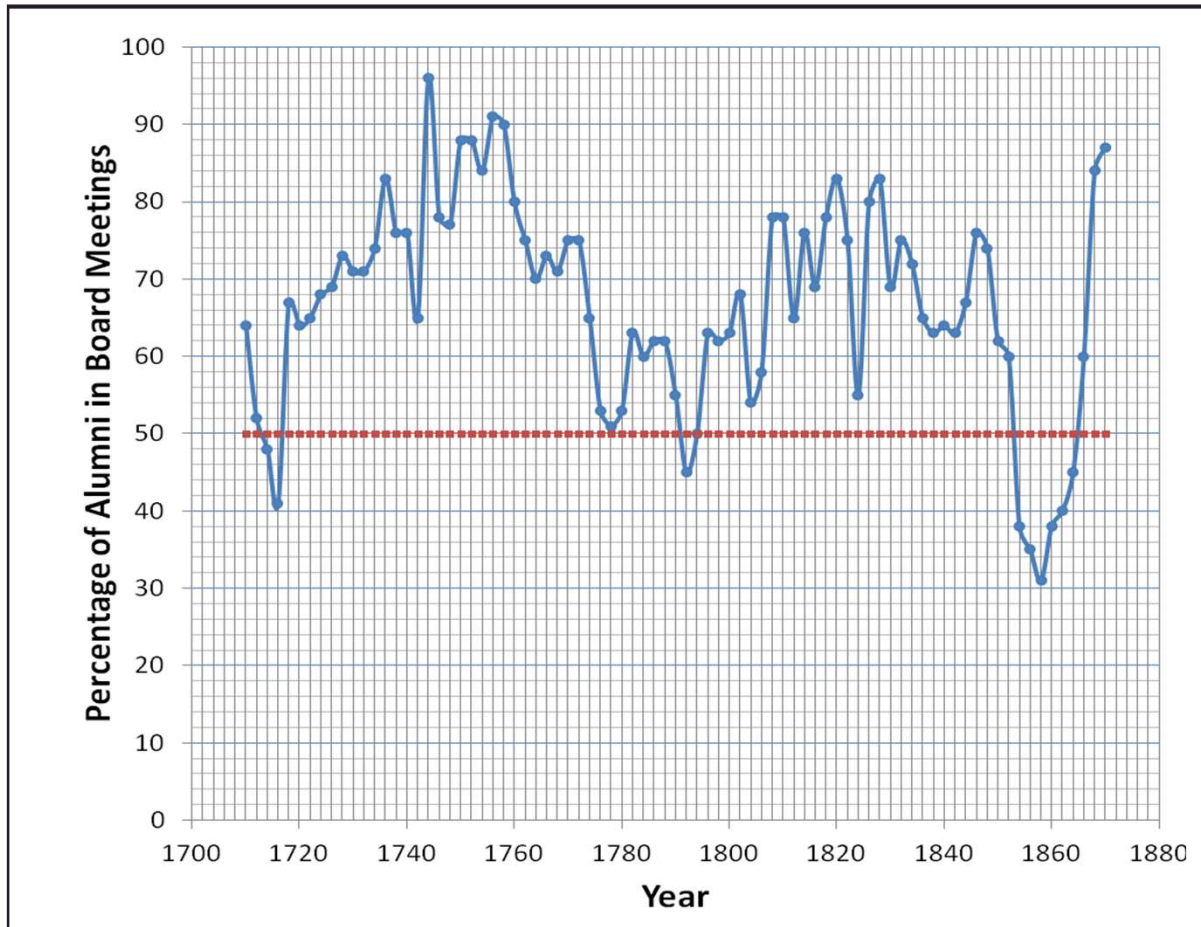
- Harvard was a State University controlled by the State of Massachusetts “vested with all powers and authority” (Section V)
- Turned over to alumni of Harvard **on 29th of April 1865**
- Spreads quickly across the US
- First to copy it was Yale and College of William and Mary (both State schools!)
- Then everyone else



Immigration into Massachusetts

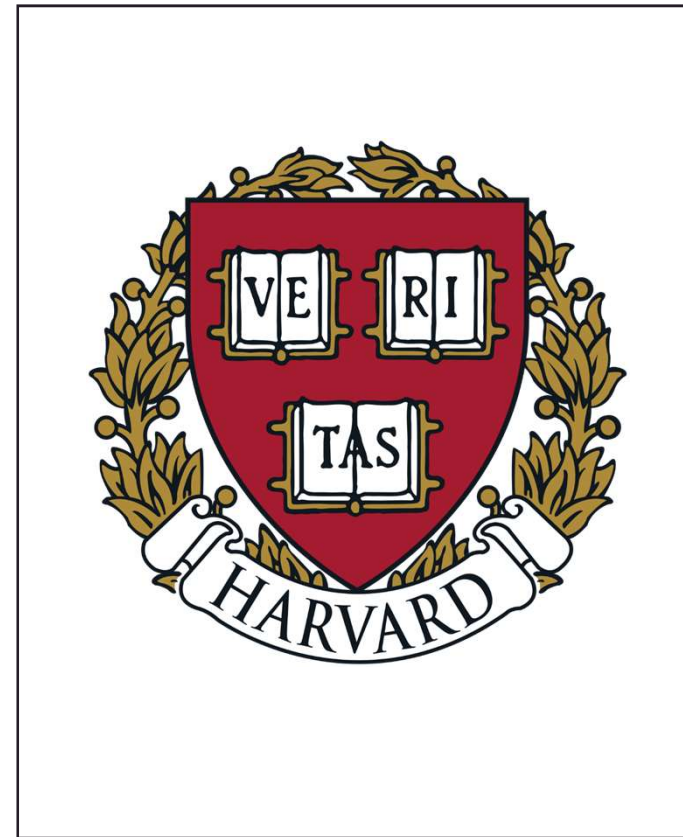
Date	Resident Population	Growth by Decade
1790	378,787	-
1800	422,845	12%
1810	472,040	12%
1820	523,287	11%
1830	610,408	17%
1840	737,699	21%
1850	994,514	35%
1860	1,231,066	24%
1870	1,457,351	18%

Percentage of Alumni on the Board



Support for Harvard dwindles 1855 - 1865

- State support to Harvard dwindles to zero
- Reliant on private donors.
- State interferes in faculty appointments
- Donors started to back out
- Two bequests canceled in protest
- State blocks the appointment of a President in 1862
- Harvard is being “strangulated”



Why is Alumni Control so Effective?

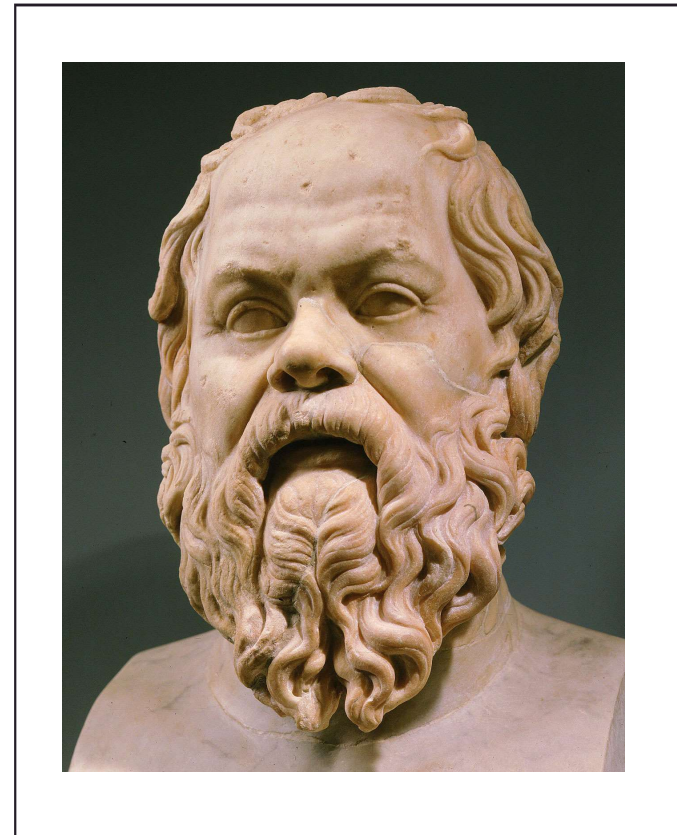
- Transfer control to those who value most highly the reputation of the University – sheepskin effect
- Alumni raise resources for the University
- Give from the heart for a wide range of activities – music, film, arts, and of course, science, engineering and business
- Fast, efficient decision making
Foster competition – my institution should be better than others
- Better than control by the state, faculty, or individuals – **why?**

How is a soul (ψυχή) nourished (τρέφεται)?

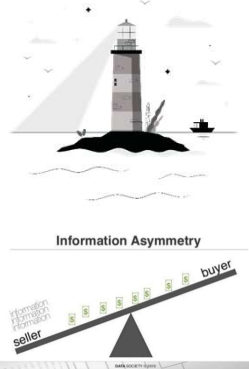
“**When you buy food and drink** from the merchant you can take each item back home from the store in its own container and before you ingest it into your body you can lay it all out and call in an expert for consultation as to what should be eaten or drunk and what not, and how much and when. So **there’s not much risk in your purchase.**

But **you cannot carry teachings away in a separate container.** You put down your money and take the teaching away in your soul by having learned it, and off you go, either helped or injured.”

Protagoras (313d-314b).



Textbook Example of Market Failure



Public Goods

Information Asymmetry



Screening



Externalities

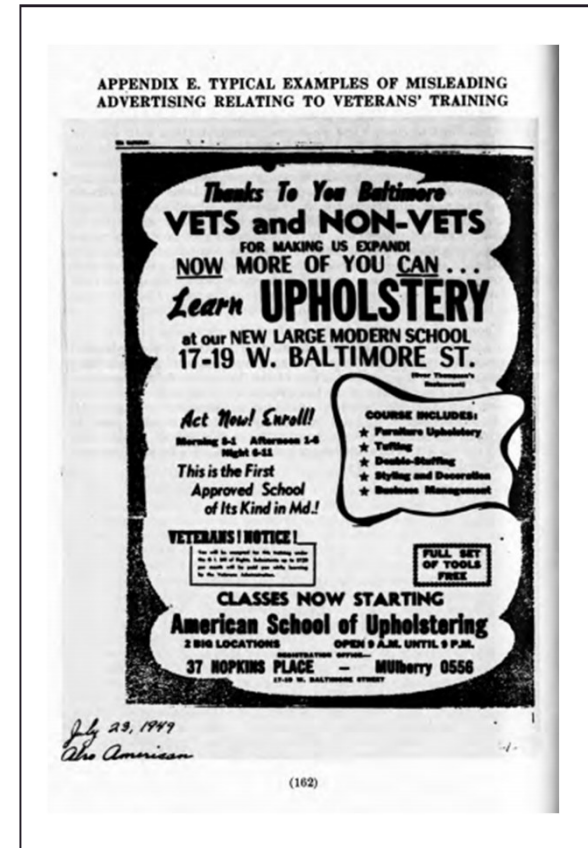
Forms of Governance

	COMMONALITY OF INTERESTS	PUBLIC GOOD/ RESEARCH INCENTIVES / EXTERNALITIES	ACCESS TO INFORMATION	PROMOTING COMPETITION	LENGTH OF COMMITMENT	ABILITY / WILLINGNESS TO PROVIDE RESOURCES
Shareholders	High	Low	High	High	High	High
Faculty	Conflict	High	Very High	Moderate	Moderate	Low
Trusts	Moderate	Moderate	Moderate	Moderate	High	Moderate
State	Moderate	High	Low	Moderate	High	High
Alumni	High	High	High	High	High	High

For Profit Entities

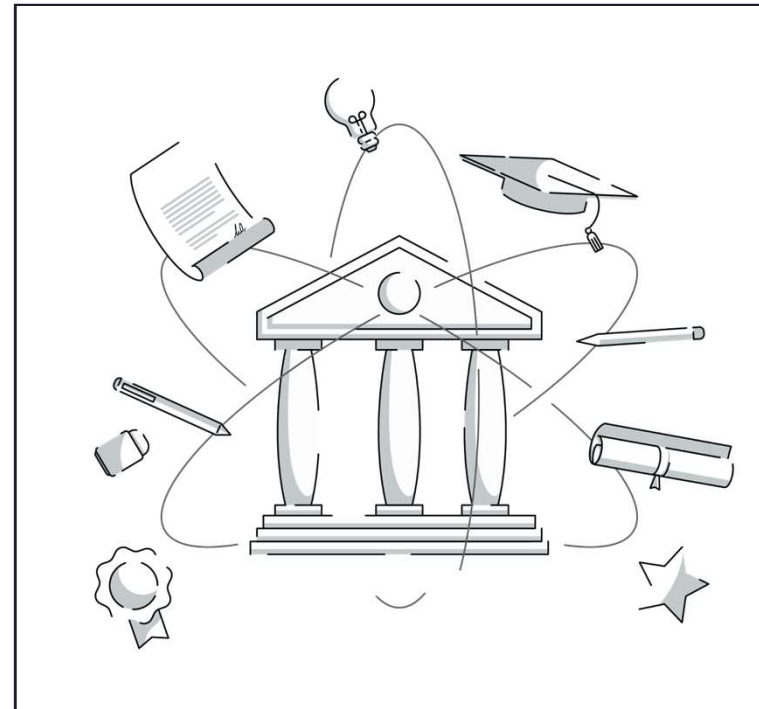
- Deeply scandal prone
- All manner of unlawful activities
- Focus mostly on training

APPENDIX E. TYPICAL EXAMPLES OF MISLEADING ADVERTISING RELATING TO VETERANS' TRAINING



A New form of Competition – Prestige

- In politics – competition for Power
- In the marketplace – competition for Profit
- In non-profits – competition for Prestige



Control Mechanisms

	PRIVATE	PUBLIC
For Profit	Control by Shareholders in Universities such as Apollo, Devry and U. Phoenix in the US and elsewhere (e.g. the Philippines). Against the law in the many countries – e.g. India	Not Observed in Practice
Not For Profit	Control by Alumni Control by a self-perpetuating Trust Control by Faculty	Control by the State Mixed control by Faculty Alumni and State Delegated Control

Expected Results

Alumni on the boards

- Make a quantum leap in fund raising
- Make quick and responsive decisions
- Hold the Presidents/Directors/Vice-Chancellors accountable
- Help the faculty and staff dramatically raise the quality of research and teaching
- Free up some of the government resources currently directed to these premier institutions to be deployed for newer institutions

Top Private Universities

RANK	PRIVATE UNIVERSITIES	% OF ALUMNI ON THE BOARD
1.	Princeton University	100 %
2.	Harvard University	100 %
3.	Columbia University	100 %
3.	Massachusetts Institute of Technology	75.71 %
3.	Yale University	100 %
6.	Stanford University	93.94 %
6.	University of Chicago	88 %
6.	University of Pennsylvania	92.73 %
9.	Northwestern University	72.31 %
10.	Duke University	94.44 %
10.	Johns Hopkins University	63.89 %
12.	California Institute of Technology	51.16 %
12.	Dartmouth College	96.15 %
14.	Brown University	86.27 %

RANK	PRIVATE UNIVERSITIES	% OF ALUMNI ON THE BOARD
15.	University of Notre Dame	80.49 %
15.	Vanderbilt University	85.19 %
17.	Cornell University	94.64 %
17.	Rice University	76.92%
19.	Washington University in St. Louis	63.04 %
21.	Emory University	78.38 %
22.	University of Southern California	78.85 %
24.	Georgetown University	73.68 %
25.	Carnegie Mellon University	72.97 %
27.	Wake Forest University	80 %
29.	New York University	80 %
29.	Tufts University	95.56 %
29.	University of Rochester	67.65 %
37.	Boston College	81.40 %

Top Private Universities

RANK	PRIVATE UNIVERSITIES	% OF ALUMNI ON THE BOARD
40.	Brandeis University	74.29 %
40.	Case Western Reserve University	76.74 %
40.	Northeastern University	70.27 %
40.	Tulane University	80.65 %
56.	Villanova University	62.96 %
50.	Lehigh University	87.10 %
50.	Pepperdine University	44.12 %
50.	Rensselaer Polytechnic Institute	95.65 %
54.	Santa Clara University	67.35 %
54.	Syracuse University	90.68 %
57.	University of Miami	48.49 %
64.	Loyola Marymount University	46.00 %
64.	Southern Methodist University	83.33 %
64.	Worcester Polytechnic Institute	75.86 %

RANK	PRIVATE UNIVERSITIES	% OF ALUMNI ON THE BOARD
70.	George Washington University	77.78 %
74.	Fordham University	80.77 %
74.	Stevens Institute of Technology	75 %
77.	American University	72.73 %
77.	Birgham Young University - Provo	NPA
79.	Baylor University	84.62 %
79.	Gonzaga University	63.16 %
84.	Elon University	47.73 %
84.	Marquette University	57.14 %
91.	Clark University in Worcester	76.92 %
91.	University of San Diego	38.24 %
97.	Drexel University	63.27 %
97.	St. Louis University, St. Louis, MO	63.41 %
97.	Texas Christian University, Fort Worth, TX	32.26 %

Top Public Universities

RANK	PUBLIC UNIVERSITIES	% OF ALUMNI ON THE BOARD
20.	Universities of California - Los Angeles	26.32 %
22.	Universities of California - Berkeley	21.05 %
25.	University of Michigan - Ann Arbor	87.50 %
28.	University of Virginia	83.87 %
29.	Georgia Institute of Technology - Atlanta GA	97.83 %
29.	University of North Carolina - Chapel Hill	84.62 %
34.	Stony Brook University - SUNY	10.53 %
34.	University of Florida - Gainesville - FL	76.92 %
36.	University of California - Irvine	10.53 %
37.	University of California - San Diego	0.00 %
39.	University of California - Davis	0.00 %

RANK	PUBLIC UNIVERSITIES	% OF ALUMNI ON THE BOARD
40.	The College of William & Mary	100 %
46.	University of Wisconsin - Madison	94.12 %
48.	The University of Illinois - Urbana Champaign	84.62 %
48.	The University of Texas, Austin	88.89 %
50.	University of Georgia	36.84 %
54.	Ohio State University—Columbus	35 %
57.	Florida State University	69.23 %
57.	Pennsylvania State University—University Park	93.94 %
57.	Purdue University	90 %
57.	University of Pittsburgh	67.39 %
62.	Rutgers University—New Brunswick	67.50 %

Top Public Universities

RANK	PUBLIC UNIVERSITIES	% OF ALUMNI ON THE BOARD
62.	University of Washington	70 %
64.	University of Connecticut	71.43 %
64.	University of Maryland	81.63 %
64.	University of Massachusetts—Amherst	56.52 %
70.	Clemson University	92.31 %
70.	Texas A&M University	100 %
70.	University of Minnesota	75 %
74.	Virginia Tech	92.86 %
79.	Binghamton University	66.67 %
79.	Indiana University— Bloomington	88.89 %
79.	University at Buffalo--SUNY	81.58 %

RANK	PUBLIC UNIVERSITIES	% OF ALUMNI ON THE BOARD
84.	Colorado School of Mines	77.78 %
84.	Michigan State University	85.71 %
84.	North Carolina State University	76.92 %
84.	University of California—Santa Cruz	66.67 %
84.	University of Iowa	88.89 %
91.	Miami University, Oxford	85.71 %
91.	Stony Brook University-SUNY	60 %
91.	University of California—Riverside	5.26%
91.	University of Delaware	51.61 %
97.	New Jersey Institute of Technology	57.14 %

Statistical Analysis of the Top 100 US Universities

- Almost all are Alumni controlled whether public or private, religious or non-religious
- Average percentage of alumni on the board of Trustees is 63%
- Higher degree of alumni control leads to:
 - Higher selectivity
 - Greater Endowment
 - Higher Rank



Three Issues

- How did Harvard become so good?
First university to have alumni control
- Why are American Universities so good?
Widespread alumni control
- How did so many new American Universities get so good so fast?
Stanford, Michigan, Purdue, Carnegie Mellon, Duke, Chicago, Johns Hopkins all copy alumni control model



Implications

- Importance of Sports in US Universities
- Many administrations have tried to ban it (unsuccessfully!)
- State Universities should not have common boards
- Should be studied and contemplated worldwide



Presented *by* **Prof. Shailendra Raj Mehta**

President and Director, MICA, Ahmedabad

shailendramehta1@gmail.com & president@micamail.in

Artwork & Layout *by* Sonal Choudhury

