SUGGESTED COSTS AND BENEFITS OF CENTRALIZED AUTHORITY IN HIGHER EDUCATION AS THEY AFFECT THE BEHAVIOR OF LEGISLATORS, ADMINISTRATORS, VOTERS, TEACHERS, AND STUDENTS, WERE EXAMINED BY COMPARING POLICIES OF DIFFERENT INSTITUTIONS (TWO MULTIVERSITIES OR COORDINATED STATE COLLEGE SYSTEMS, TWO RELATIVELY INDEPENDENT PUBLIC UNIVERSITIES IN ONE STATE, AND THREE PRIVATE INSTITUTIONS IN ONE STATE). CENTRALIZATION OCCURRED IF, FOR TEACHING ANY GIVEN NUMBER OF STUDENTS, FEWER SEPARATE ORGANIZATIONS WERE RESPONSIBLE FOR CHOICES. THE INFORMATION USED TO COMPARE THE INSTITUTIONS WAS OBTAINED FROM ADMINISTRATIVE MANUALS, FACULTY HANDBOOKS, AND CATALOGS. THE RESULTS OBTAINED WERE—(1) THE GREATER THE DEGREE OF CENTRALIZATION, THE MORE THE CONSTRAINTS ON LOWER-LEVEL CHOICES; (2) THE GREATER THE DEGREE OF CENTRALIZATION, THE LESS DIVERSITY IN POLICIES AND PRACTICES AFFECTING A GIVEN NUMBER OF STUDENTS, (3) CENTRALIZATION MAY YIELD NEGLECT OF RELEVANT COSTS AND GAINS, AND (4) CENTRALIZATION MAY YIELD A LESS DESIRABLE WAY OF RESOLVING CONFLICTS. (HW)
CENTRALIZATION AND HIGHER EDUCATION

by

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With roughly 30,000 school districts and hundreds of universities and colleges in the United States, it may appear that centralization of authority in education should concern us about as much as the final burn-out of the sun. But there is a trend toward centralization in the formulation and execution of educational policy, with Federal standards for school districts receiving more serious consideration and with such multiversities developing as those in New York and California. In 1960 the Master Plan for one State College system predicted enrollment of 200,000 by 1975, and more recent projections have been still higher. This institution is sometimes pointed to with pride as the largest system of public education in the Western Hemisphere. Needless to say, expansions like this would put larger percentages of students under a central administration.** More important than such figures, however, is the fact that there are forces which seem likely to accelerate the trend (even though at the moment there is some pressure for decentralization, e.g., in the University of California).

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** The launching of new colleges offsets some of this growth and centralization, of course. Since the end of World War II, 154 private colleges, mostly rather small ones, have been born or resurrected (see Charles M. Wilson, "New Generation of Private Colleges," Modern Age, Spring, 1965, pp. 141-151).
These forces strike me as being sufficiently strong to warrant concern about the possible effects of centralization.

To analyze these forces and their effects, we should remember what man's behavior is like in making choices. Individuals ceaselessly adapt their behavior. They act as though they maximize something -- we can call it utility. This does not mean that people are selfish. Aid to the unfortunate, ethical precepts, and the national interest (as conceived by each individual) are elements of most utility functions. It does mean, however, that if pursuing any element in a person's utility function becomes more costly, requiring greater sacrifices of other items, he takes less of that element. If it becomes less costly, he takes more. Thus if achieving personal convenience becomes more expensive, e.g., requires a greater sacrifice of the "national interest," people take less personal convenience. If action to further the "national interest" becomes more expensive, requiring increased sacrifices of convenience or family interests, people take less of such action. In this paper I shall be asking: What kinds of behavior by legislators, administrators, voters, and others are being made more expensive to these individuals, and what kinds of behavior are being made less costly (or more rewarding) to them?

Some of the forces toward greater centralization of authority arise in the following ways. First, there is our understandable wish to provide education below-cost, partly because of the belief that there are important spillover benefits to non-users, partly because of the belief that this is a desirable way to redistribute income (and in the end because this is where voting leads us). Below-cost education could be provided by subsidizing independent private schools, but the political process usually accomplishes it by expanding state school systems. Legislators presumably
find that they can retain more voter support by monitoring (or at least appearing to monitor) the use of public funds closer than they would if they dispensed subsidies to independent schools. They also find it rewarding in terms of attracting new votes to control the purse in more detail than would be the case if they simply gave subsidies to private schools. As this process expands State school systems and State college-and-university systems, it reduces the relative role of private institutions.

Now the control of public systems is still highly fragmented; their policies and practices are not set by some monolithic authority. But again there are forces that work in the direction of central control. As before, legislators and officials probably find that it pays (them) more than formerly to monitor the expenditures closer than leaving all details to a diversity of independent regents or boards of education. It pays more in terms of votes and other support, partly because authority to spend gives one leverage and total outlays are growing, partly because more voters believe centralization of such functions is appropriate. Voters may believe there are economies of scale, i.e., that it is more efficient to have larger educational organizations. I conjecture that they also tend to gloss over differences among students and the uncertainties about educational policies, feeling that there must be a "best way" that should be applied widely. Increased centralization also pays legislators and officials more nowadays in terms of convenience, because in a growing bureaucracy, workloads and communication-problems grow, and it saves a good deal of effort and time to deal with fewer boards and superintendents and chancellors. (In that sense, there are obvious economies of scale.) It may also pay more in terms of conscientiousness, for if legislators and officials are made responsible for an activity, they may feel they are evading their
responsibility unless they retain a high degree of control over the activity.

Needless to say, the strengths of these gains to legislators and officials, and the weights attached to opposing considerations, are uncertain. Also they are variable rather than constant. A curve showing the marginal gains to an official from increases in the degree of centralization would rise and then fall like any other marginal-return curve; complete centralization of authority in one person's hands (which is infeasible, i.e., infinitely expensive) would not be the equilibrium position. What I am suggesting here is simply that the curves have been shifting upward, that further increases in centralization have become relatively rewarding to many participants in the political process. I therefore believe that more centralization is likely to occur and that additional enquiry into the effects of centralization is worth undertaking. In this paper, although many points should be pertinent to education in general,* I shall focus my attention on education at the university and college level.

Centralization Does Bring Some Gains

Without doubt there are gains to some persons from increased centralization. Legislators and government officials are part of our society; their utility is just as relevant as anyone else's, and their time is a valuable resource. Up to a point, centralization of authority provides a real payoff in terms of their utility and the saving of this resource. Moreover, up to a point, centralization achieves other real economies of scale. If all colleges were so small that they had only one teacher in each department, they would have to sacrifice employing the more detailed

* Indeed, despite the number of districts, control of local school systems by State officials and teachers' associations may soon make these points more significant for elementary and secondary education than for higher education.
knowledge that specialists within departments could have. Also they would
have difficulty attracting capable people into the profession, because
good teachers usually attach value to being associated with at least a few
other capable persons in their general field. In addition, if all colleges
were that small, they would find it uneconomical to use many valuable types
of capital equipment, technologies, and cultural features as stimuli.

Beyond relatively modest sizes, however -- say enrollments of five or
ten thousand students -- these latter gains diminish sharply. These gains
also appear to be low with respect to having a central administration for
several large campuses,* though there may be significant advantages from
having a foreign campus. What is probably appropriate, if we knew the
facts, is a wide range or mixture of sizes, but the economies (other than
the time of legislators and officials) in combining campuses having 10,000
or so enrollments each are surely small.** At the college level, I doubt
that further centralization, i.e., making central administrations responsi-
ble for larger segments of higher education, would yield many gains. (As
far as lower education is concerned, further consolidation of small school
districts, though not increased State or Federal control over individual
districts, might bring significant economies.)

* For some of the reasons for establishing multiple campuses and the
difficulties of administering them see Peter Sammartino, Multiple Campuses,

** There are valid reasons for the development of specialized institu-
tions in particular locations, e.g., in having oceanography taught near the
ocean rather than in Omaha or in specializing in the theatre arts in New
York and Los Angeles. But this still does not imply that gigantic institu-
tions are more economical than those of moderate size.
But Centralization Also Brings Cost*

Thus, although I believe they are often relatively small, I grant that there are gains from combining campuses or universities. But centralization is like any other "input" or adaptation that we employ. It costs us something -- that is, it compels us to forego other benefits. As in the case of benefits, the amount of cost caused by using an extra amount of the "input" is not constant. The greater the degree of centralization, the larger the cost of a further increment is likely to be. At the extreme, as noted before, the concentration of all choices regarding education in the hands of one person is infinitely expensive.

Centralization of authority is an ambiguous term. If a central board in a State is given more authority over some campuses but less over others, if it is given more authority regarding some choices but less regarding others, if intermediate officials are given more power but higher-level authorities are given less, if one part of the system is placed under central control but simultaneously several new independent colleges are started -- in all such instances the net result is unclear. In trying to perceive the effects to be expected from further centralization, therefore, we should think in terms of a relatively undiluted upward shift of decision-making authority. This may help us see the consequences of certain oversimplified forms of adaptation. In actually making our choices, of course,

* Many of the following points are often mentioned, though usually in a rather different fashion, in connection with current events (see, for example, Paul Woodring, "Education in America," Saturday Review, July 17, 1965, pp. 51-52, or Caspar Weinberger, "Questions Raised by Resignation of S.F. State College President," Los Angeles Times, July 14, 1965, Part II, p. 5). I am trying to examine these familiar points in a more systematic way.
we must choose among unsimple mixtures of types and degrees of central-
ization.

For teaching any given (or growing) number of students, I shall
regard authority as being more centralized if fewer separate organizations
or institutions are responsible for the choices. I shall assume that
regions and localities can be viewed as separate systems. This is by no
means fully true, for universities in different parts of the country do
compete. Still, a university in Massachusetts is not as accessible to
West Coast students as a university in California. Because these options
are very imperfect substitutes to most students, each institution has a
degree of "monopoly power" within its region or locality. Thus, if in
one region 30,000 students attend one university while in another compar-
able region 10,000 students attend each of three independent universities,
the former situation will be taken as one with greater centralization,
even though students could (at a price) attend one of the colleges in the
other region. (As this point suggests, the effects depend importantly
upon how difficult it is for new colleges to enter the field.)

Where there is greater centralization, the decision-making burden on
top administrators will be heavier, a less diversified list of officials
will make the totality of decisions, and students (and faculty-members)
will have fewer independent institutions to which they can turn than would
be the case with a lesser degree of centralization. In analyzing the con-
sequences, we will try to see if predicted effects are observable in real
situations. We will examine what I hope are fairly unambiguous cases of
greater and lesser centralization. It will not be possible to test propo-
sitions in a rigorous and fully satisfactory fashion. Still if the observa-
tions turn out to be the opposite of those expected, the chance that the
hypotheses are correct should be smaller (and if the evidence is consistent with the hypothesis, the probability that the hypotheses are correct should be greater) than it would otherwise be.

**Centralization Should Lead to Less Diversity**

Beyond some point I would expect centralization to lead to less diversity and adaptability in policies, practices, and options confronting those concerned. Up to a point this is not much of a loss. As in the private sector, the sacrifice might not be great if we went without some of the diversity in frills, pretty packaging, public relations, and so on. But diversity of other sorts, and explorations of other alternatives in activities as swamped with uncertainties as education is, are valuable. Indeed in activities like education or research and development the dominant consideration is uncertainty about future circumstances, tastes, resources, and technology. This means, in the case of education, that we are very uncertain about the worth of different policies, practices, and kinds of education, and it is extremely important to provide for exploration of new alternatives and flexibility. Moreover, it is difficult (i.e., costly) to draw a line in advance and cut out the exploration of frills having little worth while encouraging those probes for innovations having great significance. Thus, search and diversity and adaptability possess real value, and discouraging them can be an important social cost.

There are several reasons for expecting less diversity, exploration, and adaptability with fewer independent campuses. With greater shelter from rivalry, each administration will not have to be quite so concerned about what other colleges are doing or with doing something to "keep ahead" of the others. This will lead to a relative neglect of alternative courses
of action that deserve consideration. A central administration will not find it as costly to itself to leave alternatives unexplored as would the managers of separate competing institutions.

Another way of saying this is as follows. With less competition or bargaining with officials having other interests or holding other viewpoints, an administration will mold policies in accordance with fewer utility functions. For the purpose of illustration, imagine that policy is tailored to a single individual's utility function. In this circumstance fewer alternatives will appear to be worth examination, fewer uncertainties and contingencies worth hedging against, and less change worth implementing, than if several persons' utility functions are effectively involved, i.e., as decision-makers and bargainers rather than as advisers. (As noted before, an important factor throughout the argument is whether or not new independent institutions find it difficult to enter the field.)

Another reason for expecting this is that with increased centralization the burdens on top management are heavier. The administration finds it increasingly costly to devote much time to individual decisions, to examine numerous alternatives seriously, to maintain flexibility and implement numerous changes. These things are costly because they entail the sacrifice of other important duties, that is, the foregoing of other benefits. To look at the other side of the coin, it becomes relatively rewarding to delegate tasks but simultaneously to impose constraints, restrictions, and rules of thumb. Now in any organization, including an individual household, some rules of thumb will prove to be economical. But with central control over a wider range of choices it becomes efficient in the small to have more rules. Another factor is the rising cost of
information within larger organizations. Knowing what subordinates and superiors are doing is more difficult -- or, in other words, it costs more to find out what they are doing. This propels administrators toward using additional constraints and rules to insure compliance or increase awareness of what others are doing, even though it sacrifices flexibility that has positive value.

Another reason for expecting the study of fewer alternatives and concern about fewer contingencies is that lower level personnel will find it relatively unrewarding to dissent, criticize, and suggest alternatives. If top management maintains fairly firm control, makes most choices without lower levels having effective bargaining power, and imposes numerous restrictions and rules, it becomes more costly and less rewarding to lower levels for them to attempt bringing about change. That is, they have to put in more time and effort yet face a lowered probability of success. Again this will work toward fewer proposals and suggestions and ultimately less diversity and innovation.

Is there any evidence that these propositions are correct? To answer this question, a few policies and practices under different degrees of centralization were examined. Many of these practices may not appear to be basic and vital aspects of educational policy, but they can be regarded as being symptomatic. In other words, if there were not less diversity under centralization with respect to most of these choices, I would be less confident that diversity would be reduced for basic educational programs and policies.* I examined information about two multiversities or coordinated

* Nonetheless, it would be more useful to have data reflecting the diversity of research activities, the success of those efforts, the performance of graduates, and so on. Also, in order for further work to be very useful, it should make use of larger samples to aid one in "normalizing" with respect to other major variables.
State college systems, two relatively independent public universities in one State,* and three private institutions in one State. The scale of the teaching task was roughly comparable in certain groups, so that different ways of handling similar numbers of students could be examined. One of the multiversities catered to approximately the same number of students as the two State universities put together. (The other multiversity had a much larger enrollment and was hardly comparable to any of the other groups.) Each of the independent State universities had an enrollment that was (very roughly) similar to the combined enrollment of the three private institutions. Control of the education provided by the multiversities was regarded as being more centralized than control of the aggregate education provided by the two independent State universities; and control of each of the State universities was regarded as more centralized than control of the total education provided by the three private institutions. The "monopoly power" or regional centralization represented by each of these organizations may be suggested by the following figures: In its "region" -- five nearby States -- Multiversity A, to which we will give primary attention, has about 7 percent of total enrollment, including that of junior colleges. Multiversity B, which will receive less attention, has about 13 percent. The independent State universities have about 3 and 2 percent of their region's total enrollment, and each of the private institutions has less than 2 percent of the region's student body.

* As I understand it, the legislature there examines and votes upon their combined budgets simultaneously, but the universities are directed by separate boards and are given full autonomy.
The greater the degree of centralization, the more the constraints on lower-level choices. -- Because of the cost of flexibility to central administrators, one would usually expect more constraints on lower-level personnel to accompany greater centralization. A survey of administrative manuals, faculty handbooks, and catalogs suggests that this expectation is fulfilled. One of the most striking (though hardly conclusive) bits of evidence is simply the size of the administrative manuals, which spell out various restrictions and procedures. Numerous private colleges and universities, not in the sample described above, had no such manual at all. One of the private universities in the sample had an elaborate manual comparable to those in the State universities, but the others had thinner volumes. The State universities had fairly large manuals. But the multi-versities had the heaviest, most voluminous, and most detailed sets of administrative regulations.

Procedures for appointments and promotions constitute a rather important case in point. In Multiversity A, the manual requires that departmental recommendations concerning a tenure position go to (1) the Dean, (2) the Chief of the local campus, (3) Budget Committee for nominations of a review committee, (4) the chief of the local campus for appointment of a review committee, (5) the review committee, (6) the chief of the local campus again, (7) the chief officer of the entire multiversity, (8) the governing board. In one of the State institutions, departmental recommendations go to (1) the Dean, (2) the Dean of the Faculties, (3) a Faculty Advisory Committee, (4) the President, and (5) Board of Trustees. The other State university specifies still fewer "hurdles." Along with the slightly shorter list of offices through which recommendations must go, the rival but independent State universities give less specific restrictions regarding qualifications, i.e., they again can live with somewhat more flexibility.
The private institutions specify 6 checkpoints (the university that has the elaborate administrative manual), 4 checkpoints, and in the smallest institution simply a requirement that the Administration be "consulted."

It is obvious, of course, that actual procedures may differ from those spelled out in manuals. There are sometimes ways to get around stated restrictions, and these are often constraints that are not formalized by being printed in the administrative manual. But it appears that the smaller less centralized institutions have ways of getting around stated rules more frequently than the large highly centralized ones. Also the smaller organizations tend to have constraints other than published ones, but that renders those restrictions easier to change and makes exceptions easier to arrange. In any event, the significant point about smaller independent institutions is the one emphasized in the next section: namely, that in the aggregate they provide more diversity, however autocratic the management of particular colleges may be.

Another significant constraint is requiring adherence to a set salary schedule. Coupled with limitations on the "table of organization," this can prevent a department from taking action that would be highly desirable from the university's as well as the department's standpoint when trying to attract or retain relatively scarce skills. Needless to say, the multiversities have official salary steps and schedules. Although many other State institutions have them too, neither of the two examined here have schedules, and the manual of one says explicitly that variation exists depending upon the factors pertinent to particular situations. None of the three private colleges or universities have set salary schedules, though one presents the existing salary range to serve as a guideline.
The more highly centralized organizations also felt impelled to have more stated restrictions regarding admission and adherence to rules by students. For example, the multiversities were instructed to adhere to set admission requirements, e.g., a B average in high school; apparently officials are not supposed to consider such things as letters of recommendation. The two State universities do not require a specific average and thus have more leeway in taking a diversity of considerations into account (though this would not be true of many other State institutions). As for the private schools, two of the three specifically stated in their catalogs that letters of recommendation would play a role in admission. Regarding student actions, Multiversity A had a total of 15 special fees for late registration, late filing, and so on, while twelve ordinary State universities had an average of 6 such fees. Of the three private institutions, one had 5 fees for breaking such rules, and the documents of the other two did not specifically mention any. Of seven private institutions listing such fees the average number of penalty-charges was 4.

Some of the manuals and handbooks contained interesting special restrictions regarding such matters as the use of facilities, relationships with the public or with government officials, criticism of colleagues and their courses, recruitment procedures, political activities, and nepotism. (By these constraints, I do not mean detailed description of purchasing procedures and administrative routines.) It is not clear just how, if at all, these special constraints in the different manuals can be compared. As far as sheer number of restrictions is concerned, however, it is clear that the multiversities have most, the ordinary State universities come in second, and the private institutions have least.
The greater the degree of centralization, the less diversity in policies and practices affecting a given number of students. Regardless of which individual manuals contain more constraints, there is another issue: does a single organization catering to roughly the same number of students as several independent universities apply less diversified policies to that number of students and its faculty? In general, though not in every instance, the facts seem to answer Yes. Consider, for example, the grade point average required for graduation. It is 2.0 at all campuses of the multiversities, but it is 2.0 at only one of the State universities and only one of the private institutions. At the others, additional flexibility is tolerated. On the other hand, the minimum number of units required in English does not bear out my hypothesis. On the campuses of Multiversity A, the number varies from 3 to 6, a factor of 2. (In the other multiversity the requirement seems to be uniform for all campuses.) In the two separate State universities, the number varies only from 4 to 6; and among the private institutions, the requirement varies only from 6 to 7 units. But with respect to most fields (e.g., science, humanities, and the social sciences), the requirements are noticeably (though not always dramatically) more variable among the independent campuses than among the campuses in the multiversities.

To summarize here the variations in other respects would hardly be worth the space it would require. Suffice it to say that regarding appointments, promotions, and salary schedules one set of rules applies to all campuses in a multiversity, but different sets apply to each of the independent State universities, and still more diversification in these matters occurs among the three private institutions. To be sure, additional rules adopted locally within a multiversity differ from campus to campus;
but, at least at present, quite a few policies and regulations apply to all in common.

Compulsory retirement age illustrates the point also. In one multiversity that age is 67 for all campuses, and in the other multiversity it is 70 for all campuses. In one of the separate State universities the age is 70, and in the other no specific age is set. In two of the private institutions there is no stated limit to the extension of service beyond the "normal retirement age of 65;" in one the limit is 70. The special restrictions mentioned above also bring out this point about diversity. All the specials referred to previously apply to all campuses of the multiversity. The State universities too have quite a few such constraints stated in their manuals, but at least the set of constraints is different for the two universities. Among the private institutions, these special constraints are fewer, as noted above, but the point in this section is that they differ from one institution to the other.

In short, if fewer organizations provide employment for approximately the same number of teachers and education for approximately the same number of students, those students and teachers will face a less diversified group of policies and practices than would be the case if a larger number of organizations provided these things. A simple point -- yet it means the faculty and students have fewer options, there is experimentation with fewer alternatives, there is less hedging against contingencies and uncertainties. This does not tell us that this is all bad or that there are no gains from centralization. It merely suggests that less diversity of policies and practices is likely to accompany increased centralization. For the time being, of course, additional multiversities (or additional State control over elementary and secondary schools) would themselves
constitute experiments and contributions to diversity. But they might nonetheless be the kind of explorations that would reduce subsequent experimentation. (In an analogous fashion, freedom to sign a contract calling for lifetime bondage would be an additional freedom, yet it could be one that would reduce one's subsequent freedom.)

Centralization May Yield Neglect of Relevant Costs and Gains

Because of the same forces, increased centralization probably leads not merely to less diversity and the exploration of fewer alternatives but also to the neglect of relevant considerations when comparing whatever alternatives are considered. As noted before, increased central authority means greater shelter from rivalry and effective criticism. (Other persons may express dissent and criticism, but it does not put much pressure on the central authority if the dissenters have no bargaining power.) This means that top officials find it less costly to them than it would otherwise be to make decisions in the light of their utility functions alone -- less costly to neglect costs inflicted and benefits bestowed on other groups. This can produce a tendency to neglect genuine and relevant costs and benefits. I have made no attempt, however, to test this proposition.

Centralization May Yield a Less Desirable Way of Resolving Conflicts

Centralization, i.e., a reduction in the number of independent campuses, may also yield a less desirable way of resolving conflicts. Because it becomes more expensive for students and faculty members to vote with their feet when they object to the policies or practices on one campus, they are more likely to turn to other options, such as fighting to "help run the business." Minorities -- instead of having say 4 options (to submit,
fight, try to persuade, or go to a different institution) -- will have only the first 3 -- or rather, they will find the price of the 4th has gone up and the price of the other 3 relatively reduced. The result may often be a sort of "strangulated centralization," comprising shelter from competition with independent campuses coupled with the strangulating effect of increased control by faculty and student committees. (Similarly, if General Motors was the only automobile producer, it would be more difficult for customers and employees to vote with their feet, and perhaps more tempting to have consumer-committees and employee-committees attempt to run the business.) All this could get closer to a situation in which might makes right. Again I have made no attempt to devise tests of this hypothesis, but it is one that may merit exploration.

Concluding Comment

I have tried to indicate some possible costs of centralization -- of putting more of our educational task into the hands of fewer organizations. Recognition of these costs is relevant to the position one takes and to the choices that decision-makers make. It does not help very much, of course, for it does little to show the quantitative significance of these costs -- to say nothing of the gains from centralization against which the costs should be weighed. Moreover, the costs entailed by an increment in centralization vary according to how much centralization we now have and according to the mixture of centralization, decentralization, and other features that real-life organizational changes constitute. Given our present situation, costs along the lines described above may be trivial. But they may be a harbinger of bigger things to come. In any case, we have
to choose whether we want more centralization or less -- whether we want adaptation A or adaptation Z -- and the only way we can improve our choices is to sharpen our judgments about the costs (as well as the gains) attributable to alternative ways of organizing educational activities.