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## The Corporatization of Higher Education

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# The Corporatization of Higher Education

## **Abstract**

This essay reviews recent books and articles that examine the politics and economics of the restructuring of public universities in the United States. The author weaves the arguments together to point to several prominent trends: increased corporatization of university governance and increased dependence on the market for resources previously provided by the state, reduction of full-time faculty in favor of instructors and adjuncts, dramatic growth of administrative personnel, and mounting student debt. The history of these developments is explored by examining the roots of the political attacks on the public university.

## **Keywords**

Review, Corporatization, Higher Education, Education, University, Neoliberalism

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Books and Articles Reviewed:

Benjamin Ginsberg, *The Fall of the Faculty: The Rise of the All-American University and Why It Matters*, Oxford University Press, 2011.

Christopher Newfield, *Unmaking the Public University: The Forty-Year Assault on the Middle Class*, Harvard University Press, 2009.

Pierre Rimbert, "No Cure for the Cost Disease," *Le Monde Diplomatique*, English Edition, July 2013.

Jim Sleeper, "Liberal Education in Authoritarian Places," *New York Times* op-ed, August 21, 2013.

Matt Taibbi, "Ripping Off Young America: The College Loan Scandal," *Rolling Stone*, August 15, 2013

Steven Ward, *Neoliberalism and the Global Restructuring of Knowledge and Education*, Routledge Press, 2012.

Sean Walsh, *Counterrevolution and Repression in the Politics of Education: At the Midnight of Dissent*, Lexington Books, 2013.

Marian Wang, "Public Universities Ramp Up Aid for the Wealthy," *ProPublica*, Sep. 11, 2013.

The administrative bureaucracies of U.S. universities have enlarged their ranks, their staff and their embedded dependency on the marketplace and the corporate sector over the past forty years. At the same time, full-time faculty positions have steadily declined, while universities are relying much more on adjuncts and instructors to teach undergraduate students. A precipitous reduction in public financing has driven these trends, but the political economy of neoliberalism offers a broader conceptual framework to understand what Christopher Newfield calls the "unmaking of the public university." Newfield, and the other authors of the books and articles referenced and reviewed here, approach the corporatization of the university from varied angles.

But all offer critical perspectives on the political motivations and the societal implications of the restructuring of the public university.

What emerges is a sophisticated dissection of the broader politics associated with the increased dependency of universities on the marketplace, and thus the corporatization of the university system. The university culture increasingly privileges those disciplines that can patent, brand and market products through corporate partnerships over disciplines that encourage critical thinking designed to engage democratic citizenship and to challenge the status quo, a topic which Sean Walsh dissects in his use of the Marxist Herbert Marcuse to frame what he calls the counterrevolution against dissent. The marketization of university culture encourages seeing students as consumers, and viewing the university brand through the prism of narrow market calculation. University administrators borrow terms from Business School M.A. programs that reference market efficiencies, branding opportunities, and consumer satisfaction linked to expanded delivery of a range of university “products” that can connect with the highest value-added student. Universities compete to attract students with money, resources, and standardized test scores that help brand the university at a higher-status level in the education marketplace.

A ProPublica article by Marian Wang gives empirical weight to these trends by drawing on the findings of an investigative report which shows that a greater share of university grants are going to richer students at the expense of aid to working class students. Wang summarized the findings of the ProPublica report as follows:

- State universities, which have a public responsibility to provide students with access to an affordable education, are giving a growing share of their grants to wealthier students, and a declining share to the poorest students.

- Public universities are increasingly mimicking private colleges by using financial aid to further their own goals, such as enrolling students who will bring revenue or boost their spots in the rankings.
- Industry consultants who help schools with what's called "financial-aid leveraging" say their clients at public universities are trying to offset budget cuts by using aid to enroll students who can "positively impact the bottom line."
- State schools have been serving a shrinking portion of the nation's needy students. More of those students have been heading to community colleges and for-profit schools.

As Universities maneuver to replace the steady decline in public funding from the 1990s to the present, the disproportionate shift of grants to rich students is only one part of the equation. The others are tuition hikes and greater reliance on wealthy donors and corporate partnerships. As Matt Taibbi documents in a recent article, the costs of the public university have been borne by working and middle class students who have piled up enormous debt just to keep pace with tuition and fee hikes. The average student leaves college with \$27,000 in debt. Student debt from public higher education, which comprised 4 percent of family income from 1950-1970, reached 11 percent of family income by 2010. The costs of tuition and fees at public universities have risen by 300 percent versus the Consumer Price Index from 1990 to the present, exceeding the costs of health care, energy and housing. Meanwhile the Department of Education projects that the U.S. government stands to make about \$185 billion on student debt over the next decade (Taibbi, 2013).

The cost burdens of higher education have been transferred from the rich to the middle and working class, eviscerating the very concept of the "public university" in favor of market-based practices and incentives. Steven Ward locates the political attacks on higher education within a neoliberal project underwritten by corporate organizations such as the American Enterprise Institute and the Heritage Foundation and transmitted globally through organizations such as the Organization of Economic Cooperation and Development (OECD) and the World Bank. The

OECD's educational reports of the 1980s began to emphasize a "changing relationship between the university and the community, and called for "the reappraisal of the special protection of the university" in society (Ward, 142). Ward references the comprehensive 1987 OECD report for its recommendation that the "university administration would need to dismantle strong forms of collegial control that made universities less manageable and replace them with strong, corporate style administrators" (Ward, 142). Ward details the report in a paragraph that reads like a manifesto in favor of corporate restructuring of the university system:

According to the report, only 'radical groups', some of which were housed in universities, were delusional enough to 'embrace the image of a society in which economic considerations take second place to quality of life.' Such 'nostalgic' considerations led these radicals to not pay attention to 'the realities of economic competition' (OECD, 1987: 23). The report warned that universities would not be able to cope with the new demands being placed on them 'without external intervention' (Ward, 142)

Like Ward, Christopher Newfield makes clear that the "unmaking of the public university" is a product of a forty-year political assault from conservative intellectuals, right-wing think-tanks and foundations—financed with corporate money, and supported by politicians from both political parties who have accepted and promoted the marketization of the university. Newfield, like Ward, identifies the roots of the attack on public universities within a business-led critique of the costs of financing a public sector that has increasingly constrained the private sector's pursuit of profit. As early as 1971, Lewis Powell began to frame this critique of the public university in the context of a long memo written for the U.S. Chamber of Commerce titled, "Attack of the American Free Enterprise System." Here Powell expressed concern about the decline of business influence in politics, and frustration that "leaders in the system of free enterprise were unable to control universities even though they ran university board of trustees

and funded universities with their tax dollars” (Newfield, 54) Following Powell, Irving Kristol, one of the major architects of the New Right’s policy agenda, argued that, “thanks to the university boom, the traditions of the left are being absorbed into the agenda of progressive reform, and the structure of American society is being radically, if discreetly, altered” (Newfield, 53-54). Kristol understood that the university had traditionally been a critical support infrastructure for training and equipping the “top and middle ranks of the corporate world,” but the politics of the late 1960s and early 1970s was beginning to threaten that status quo function (Newfield, 54).

On the heels of Powell and Kristol, the New Right in the 1980s, launched a sustained attack on multiculturalism and “political correctness” on university campuses. This meant in practice a propaganda exercise in demonizing public universities as institutions catering to racial minorities in both curriculum and admissions practices, especially affirmative action, which the New Right equated with “reverse racism” against white applicants for university admissions. That this critique could co-exist with overwhelming evidence that racial bias had long been institutionalized to exclude and marginalize people of color and women in the admissions and hiring processes of the academy was of no interest to right-wing critics of multiculturalism. The New Right defined multiculturalism quite broadly so that it included accusations of a watered-down University curriculum taking students away from a more rigorous education in the traditional canons of Western thought and, simultaneously, as an assault on standards of admission policies that attempted to at least acknowledge a history of racial, gender and ethnic discrimination.

The New Right's attacks on multiculturalism, dissected at great length by Newfield, had perhaps its greatest success in providing a political framework to delegitimize the public university as "unaccountable and out of touch" with ordinary Americans. A key tactic of the movement, used by conservative intellectuals and political elites, and also discussed by Walsh in his book, was to rely on a long American tradition of anti-intellectualism to critique humanities and the social sciences as being feeding grounds for un-American attitudes and critiques of American society. Walsh notes that the essence of this project was to create a context in which critical thinking essential to democratic participation in the polity and the economy has been eviscerated in favor of a market-based approach to knowledge. If knowledge acquisition cannot help a student find a job—what good is it? A question often asked in a variety of forms by Florida governor Rick Scott, who is well-known for disparaging the discipline of Anthropology for being ill-suited to the job market in the state of Florida (or elsewhere, one presumes).

If the New Right provided the propaganda for the war on the public universities, it was during the 1990s and under the Clinton Administration that this critique became wedded to a political project designed to measure educational outcomes in a more narrow market calculus. Here liberals and conservatives in both political parties embraced many of the political implications of public choice theory in developing mechanisms to hold public institutions more accountable to market-based measurements. Steven Ward discusses the relationship of public choice theory to neoliberalism in his sweeping account of the political economy of educational restructuring. Public choice theory derived from the institutional economics of the 1950s and 1960s, but only became a political force in the 1980s and 1990s with the rise of new public management theorists in governments and universities. Public choice theory and its offshoot, new public management,



critiqued the growth of public sector spending on “education, welfare and infrastructure” that had become “a serious impediment to the expansion of markets, corporate profit, shareholder value and general economic growth” (Ward, 51).

A major objective of public choice theory, and by extension the new public management theory, was to measure the performance of public sector organizations by using entrepreneurial and consumer metrics borrowed from economic principles such as rational choice. As applied to higher education, this meant introducing “efficiency performance metrics” into an evaluation of educational outcomes, a process that Ward identifies as marginalizing the values of academic professions in favor of a more narrowly market-based approach to knowledge acquisition and teaching effectiveness. According to the new public management theorists, the ability of professions to establish their own standards to guide curriculum and instruction needed to be limited and circumscribed within a matrix of evaluative mechanisms designed to equate effective performance with teaching more students, graduating students in a more timely fashion, incorporating a consumer-friendly orientation to the student marketplace, and using online instruction to maximize the student-teacher ratios so that educational content is delivered more widely and compactly to a larger customer base.

In a sense, this transition to a university system with more narrow market calculations is nothing new. The growth of the public university system, much like the K-12 system in general, was always located in the particular parameters of capitalist power relationships and designed to serve elite interests in the broader economy and polity. The public university system at its height of grandeur in the 1960s was a system made possible by an infusion of cold war military

spending, which at leading public universities dominated all other federal allocations. The spin-off effects were wedded to the growth of a military-industrial complex, and thereby served to further militarize US society during the cold war. However, the cold war structure of the public university at times enabled a wider dissemination of public knowledge into the broader society. Advances in medical research were disseminated in the public realm to bodies such as the National Institutes of Health, not as patents to private corporations. Changes in national legislation, particular the Bayh-Dole Act of 1980, opened the floodgates to greater university-corporate partnerships by making legal the transfer of federally funded research to universities and private corporations through a patent system.

The result of the Bayh-Dole Act was an exponential increase in the appropriation by private corporations of federally funded research through exclusive licenses with public universities. Previously, such research was shared freely and widely available to the public through organizations such as the National Institutes of Health. The legislation expanded private-public partnerships that patented federal research dollars for the benefit of entrepreneurial interests who claimed that such partnerships would spur greater research and would be mutually beneficial to businesses and universities. Proponents of Bayh-Dole justified the patent system by emphasizing the monetary opportunities for universities able to effectively utilize these market relationships. However most universities have not been able to afford the high capital outlays necessary to even enter the patent game, let alone make money from it, an insight shared with me by my colleague Dr. Thomas Breslin. So the idea that patents can somehow replace the shortfall from reductions in public finances has been patently false (pardon the pun). However, as Ward elaborates, at top universities, Bayh-Dole helped usher in a process that “began to alter the

internal standards and procedures of academia, such as the standards for tenure. The Texas A&M University System, for example began to allow ‘patents and the commercialization of research’ to count toward the criteria for tenure. As a former Dean of the Graduate School of the Arts and Sciences at Emory University, Donald Stein, described the situation created by Bayh-Dole, ‘publish or perish’ has been supplanted by ‘publish, patent or perish’ (Ward, 93-94).

The marketization of previously public university functions have been led by a growing administrative bureaucracy that is the subject of Benjamin Ginsburg’s book, *The Fall of the Faculty*. Ginsburg identifies the growth of university administrative bureaucracies as a forty-year trend in public universities and colleges that has “shunted” faculty “to the sidelines” (Ginsburg, 4). He argues that “power on campus is wielded mainly by administrators whose names and faces are seldom even recognized by students or recalled by alumni” (Ginsburg, 4).

Ginsburg quantifies this trend in the following passage:

Over the past four decades...as the number of full-time professors increased slightly more than 50 percent—a percentage comparable to the growth in student enrollments during the same time period—the number of administrators and administrative staffers employed by those schools increased by an astonishing 85 percent and 240 percent, respectively (Ginsburg, 25).

The trends identified by Ginsburg fit well with the broader trends of neoliberal restructuring developed by Ward and Newfield. But Ginsburg offers a different explanation for the surge in administrative personnel and staff: “the nature of university bureaucracies themselves” (Ginsburg, 32). Much of the book, consistent with this theme, emphasizes the ways that University administrators have sought to increase their numbers, ranks and titles in order to enhance their power and oversight capability within the university system. The growth in administrative personnel, according to Ginsburg, is not adequately explained by increases in

students, expansions of colleges and universities, and increased external reporting requirements and mandates. Instead, “administrative growth may be seen primarily as a result of efforts by administrators to aggrandize their own roles in academic life” (Ginsburg, 32).

Ginsburg devotes much of the book to the ways in which administrative bureaucracies have given themselves expanded roles and duties that go well beyond what can reasonably be justified by the needs of the university system. One chapter covers at length the administrative tendency to have meetings simply to schedule future meetings. Another section of the same chapter talks about the proliferation of “strategic plans” for universities, which have become a frequent product of administrative consultation, often absent faculty input, and often with a very short shelf-life before one “strategic plan” is replaced with another. And certainly one of the most important and central points for Ginsburg is the rise of a permanent administrative cadre at universities that has fewer linkages with the faculty than was true in earlier periods of faculty governance. Administrators are more likely to devote their careers to full-time administration, and are less likely to come from the ranks of the faculty over whom they preside.

The implications of this expanded administrative hierarchy have been apparent in the creation of a multi-tiered set of power relationships that have relegated two-thirds of the nation’s faculty to adjunct status. The number of full-time, tenure track college and university professors have fallen from 67 percent of the faculty in the 1970s to 30 percent of the professoriate today (Ginsburg, 136). This trend has served to further enhance the power of administrators within the university system, as faculty are more divided than they were forty-years ago across categories of permanent, semi-permanent and temporary labor. As Ginsburg notes in his chapter on

academic freedom, recent decisions by the Supreme Court and by federal courts have further reduced faculty power relative to administrations. He cites the fact that federal courts have been applying the 2006 Supreme Court decision in *Garcetti v. Ceballos* to university faculty in a manner that is highly restrictive of faculty freedom of speech. In *Garcetti v. Ceballos* the Supreme Court ruled “the First Amendment did not protect public employees who criticized their supervisors in the context of their official duties” (Ginsburg, 134). Following this precedent, “a U.S. district court in California held that a UC Irvine chemical engineering professor was not entitled to First Amendment protection when he was disciplined for asserting at a faculty meeting that his department relied too heavily on part-time instructors” (Ginsburg, 134).

Ginsburg's last substantive chapter examines how the divide between administrative preferences and faculty preferences affects the basic conception of what the purpose of a college or university should be. On the surface, there appears to be a convergence of administrative and faculty preferences about the commitment of a university to research and teaching. But as Ginsburg notes, the surface convergence is only skin deep. Faculty view scholarship and teaching “as ends and the university as an institutional means or instrument through which to achieve those ends” (Ginsburg, 167). “For administrators, on the other hand, it is the faculty’s research and teaching enterprise that is the means and not the ends” (Ginsburg, 167). Ginsburg is quick to acknowledge that some administrations “do put academic matters first”, especially if administrators themselves plan to return to scholarship and teaching. But, he argues that these relatively few administrators are easily outnumbered by those that view knowledge production as equivalent to the production of “automobiles, computers or widgets” (134).

Ginsburg's arguments converge with the other authors reviewed, each of whom have documented the increasing marketization of university culture in ways that are designed to make knowledge creation more useful to the private sector. To accentuate this point, Ginsburg quotes one prominent higher education accreditation official and former college administrator who noted that "higher education today should be understood more as 'a strategic investment of resources to produce benefits for business and industry by leveraging fiscal and human capital to produce a direct, immediate and positive return on those investments'" (Ginsburg, 174). The marketization of university culture is evident everywhere on modern-day campuses, with a proliferation of corporate-university partnerships, corporate advertising, corporate underwriting of individual programs, and corporate or donor sponsorship of particular endowed chairs or faculty positions within particular sub-fields. The objective is to bring in more private money to replace the public money that was once available, and to establish more permanent connections with the marketplace in a wider range of academic initiatives and programs.

The expanding of the academic marketplace also extends to the international arena, as Jim Sleeper summarizes in his op-ed for the *New York Times*. Sleeper critiques the relationships established by major public and private U.S. universities with foreign universities in authoritarian states that do not allow freedom of speech. He references examples such as New York University's partnership with East China Normal University, which has paid for NYU's new "portal" campus in Shanghai. The President of NYU, John Sexton, downplayed concerns about freedom of speech at the Shanghai campus by making the argument that there is a difference between academic freedom and full rights of freedom of expression. For clear examples of why this distinction is problematic, Sleeper references the worrisome precedent of

the Johns Hopkins School of International Studies, whose center in Nanjing faced numerous restrictions on academic expression and free speech, including "the halting of an on-campus public screening of a documentary about the Tiananmen Square uprising of 1989 and a ban on off-campus distribution of a journal started by an American student with articles by classmates." (Sleeper, SR4). NYU's President, even with a no-confidence vote on his leadership by the NYU faculty, is undeterred, having already led the effort to establish a stand-alone campus in Abu Dhabi in 2010 that is also supported primarily by foreign money in an equally repressive environment.

As administrators look to expand the resources of the university through the marketplace, expect more relations like these to dot the global landscape. As Sleeper notes: "if you look past their soaring rhetoric, you'll see globe-trotting university presidents and trustees who are defining down their expectations of what a liberal education means, much as corporations do when they look the other way at shoddy labor and environmental practices abroad. The difference, of course, is that a university's mission is to question such arrangements, not to facilitate them." (Sleeper, SR4). In establishing relationships with repressive states in foreign countries, University administrators have explicitly re-defined academic freedom as "freedom of thought," not necessarily "freedom of speech," a distinction a board of trustee member of Yale University made when justifying the partnership between Yale and the National University of Singapore where a joint undergraduate college has been established.

The marriage between the corporate goals of university administrations and the authoritarian practices of repressive states is perfectly in keeping with neoliberal restructuring: squeeze the

most return from the delivery and packaging of the educational enterprise while sacrificing its most elementary principles on which the academy claims to be based. Universities, like other institutions of neoliberal capitalism, have adopted more rigid corporate structures that have enhanced the authority and power of administrators, reduced the voices of the faculty, and imposed greater costs on middle and working class students, whose debts have helped finance those that have benefitted most from the system. The hollowing out of professional autonomy has been aided by a multi-tiered structure of full-time faculty, instructors and adjuncts. Part-timers are asked to work much more for much less in teaching the growing student populations whose rising tuition has become key to maintaining the system.

This is no way to carry out genuine education. As Pierre Rimbert writes in "No Cure for the Cost Disease," economic studies that compare the productivity of knowledge workers with manufacturers of finished goods have concluded that education, healthcare, and the arts are by definition "labor intensive." This means that society cannot squeeze more value from these areas by increasing the student-to-teacher ratio or increasing the patient-to-doctor ratio, or reducing the number of actors and actresses necessary to stage a production. Such calculations, although central to the neoliberal restructuring of the capitalist economy, result in nothing more than shoddy delivery of the finished product. But the right-wing and corporate attacks on the public university system have been consistent with the same marketplace logic that has widened the gap between the rich and poor on a global scale.

Workers and middle class citizens used to be able to receive an education at affordable rates, but when that education clashed with corporate profit-making and wealth generation for a privileged



elite, the cost burdens have been drawn out of the public sphere and forced downward on the masses. What is needed is a vigorous political movement that defends the concept of the public university as a vital right of an informed citizenry, and a necessary tool to help reverse the widening gap between rich and poor.