Academic Capitalism in the New University

By Larry Hanley

In this essay I will present an overview of ongoing changes within and pressures upon U.S. higher education, as filtered through its familiar hierarchy of colleges and universities.

What do I mean by "academic capitalism"? I borrow the term from the work of Sheila Slaughter and Gary Rhoades. Slaughter defines academic capitalism as "institutional and professional market or market-like efforts to secure external moneys" (*Academic Capitalism* 8). She and Rhoades have recently broadened and sharpened this definition to point to a "knowledge/learning/consumption regime" shaped by higher education institutions' efforts to "generate revenue from their core educational, research, and service functions, ranging from the production of knowledge created by faculty to the faculty's curriculum and instruction" (Rhoades and Slaughter, "*Academic Capitalism*" 37). As the boundaries between university and market become increasingly permeable, universities act more and more like profit-seeking organizations in a knowledge market. Thus, to bend Rhoades and Slaughter a bit further, academic capitalism, while driven by the demands to generate revenue, also describes the increasing authority of market-like practices, roles, and ideologies within the academy. This is of course a particular incarnation of the more general dynamic of neo-liberalization.

Like other instances, academic capitalism depends first on a material and ideological restructuring of the "public" and the "private." Indeed, over the past decade, federal and state politicians have essentially rewritten the historic compact forged between the public, higher education, and the state. Last year, for instance, state appropriations for higher education declined by 2 %. These decreases in direct state support to public higher education were even greater for the nation's "megastates," states which account for the bulk of higher ed enrollments. Last year, the California state budget for higher education shrank by 5.9 %; New York State allocated 4.5 % less money for higher education; Michigan lost 3.3 %, and Pennsylvania 3.2 %. This decline belongs to a longer, secular trend of declining state support. In 1980, public higher education garnered 44 % of its operating budget from state governments; in 2002, only 32 %. Once, public colleges and universities were state-supported; today they are state-assisted. Indeed, this trend may mark the end of the "state period" in American higher education.

The real brunt of tuition increases has been borne by public colleges and universities, whose costs for students are thus catching up with those at private institutions.

Sectors and institutions can respond to change in different ways. Here, I want to map three important forces encouraged and accelerated by the new fiscal realities of American higher education. These include: *competition, commercialization,* and *casualization.* With different tempos and variable success, each of these forces is helping to transform American higher education from a public good to a private commodity.

Fiscal scarcity has encouraged new competitive practices and ideologies both within and among American universities. Within American universities, for instance, administrators have experimented with a variety of new management programs and techniques. These include: "strategic planning," "benchmarking," "Total Quality Management," and "Business Process Reengineering." As the last name implies, most of these have been borrowed from the corporate world, and the key principle in each has been, first, to measure inputs and outputs, and then to encourage greater efficiencies through an internal competition over resources. As critics have pointed out, these management techniques reward disciplines like biomedicine and computer science that lie closest to external markets. Indeed, these techniques have generally helped to tilt the core of the American university away from its old anchor in the humanities and toward business and technoscience disciplines.

When internal resources shrink, universities compete more actively for external resources—grants, corporate funding, and student tuition. Indeed, as direct state funding of institutions has decreased, universities and colleges have engaged in a radical privatizing of higher education by shifting the budget burden to students. Over the decade from 1993 to 2003, tuition and

fees at public four-year colleges and universities rose by 47% in constant dollars; tuition and fees at private four-year institutions rose by 42.4%, or $5,835. Most of this increase has been concentrated in the last several years, and the real brunt of tuition increases has been borne by public colleges and universities, whose costs for students are thus catching up with those at private institutions. For 2003–4, resident undergraduate tuition and fees at public colleges rose on average by 13.9%; more than half the states saw tuition and fees rise at least 10% that same year. Some states have boosted tuition at vertiginous rates. The cost of attending the State University of New York rose by 27 % last year. The University of Maryland at College Park raised tuition by 14.6 %, Oklahoma State University by 23.9 %.

Over the same period, financial aid to students has tended to match these tuition increases. However, the mix of financial aid, largely dispensed by the federal government, has also changed. First, financial aid has been shifting from grants to loans. Over the past decade, grant aid has increased by 85 %, but loan volume has increased by 137 %. Eligibility for loans and scholarships has also shifted from need-based to merit-based. For instance, state monies devoted to merit aid have grown 300 % since early 1980s, while need-based aid has grown by 88 % over same period. Merit-based aid tends of course to reward those who were already planning to attend college, and this shift reflects a significant and fundamental change in thinking about student financial aid. Affordability, not access, has now become the key issue for students.

Just as universities and colleges must now compete for student-consumer tuition dollars, departments and units must compete for resources within institutions. This new competition has been paralleled by a new imperative to commercialize activities and work performed by faculty. The most visible forms of commercialization have been associated with intellectual property. Passage of the Bayh-Dole Act in 1980 allowed universities to own and assign patents. Since then, American universities have been aggressive in marketing their knowledge production—especially patents and licensing in bio-medicine and technology. The University of California system, for instance, increased its licensing income by 66 % from 1987 to 1998. Columbia University's licensing income grew by 85.7 % over the same period, Florida State's by 97 %. Technology and patent transfers have in turn drawn universities into ever-tighter relationships with the corporate sector, especially with Big Pharma. Most infamous among these relationships was the five-year, $25 million contract inked in 1998 between the University of California at Berkeley's College of Natural Resources and Novartis, a multinational pharmaceutical company. The new intimacies between university, corporation, and government have been described as representing a new "triple helix" of knowledge production, underwritten by the newly dominant view of universities as engines of national wealth creation.

TABLE 1. Average Charges for Undergraduates, 2003-04 (Enrollment-Weighted)

	Tuition and Fees			Room and Board			Total Charges		
Sector	2003-04	2002-03	% Change	2003-04	2002-03	% Change	2003-04	2002-03	% Change
Two-Year Public	1,905	1,674	13.8%	*	*	*	*	*	*
Four-Year Public	4,694	4,115	14.1%	5,942	5,574	6.6%	10,636	9,689	9.8%
Four-Year Private	19,710	18,596	6.0%	7,144	6,807	5.0%	26,854	25,403	5.7%

TABLE 2. Average Other Student Budget Components, 2003-04 (Enrollment-Weighted)

	All Students	Resident Students		Commuter Students		
Sector	Books/Supplies	Trans.	Other	Room and Board**	Trans.	Other
Two-Year Public	745	*	*	5,681	1,083	1,567
Four-Year Public	817	743	1,637	5,796	1,052	1,900
Four-Year Private	843	661	1,183	6,476	990	1,434

*Sample too small to provide meaningful information.
**Room and board costs for commuter students are average expenses for students living off-campus but not with parents. These are not fixed institutional charges as reflected in Table 1, but rather estimated local living expenses for off-campus students as reported by institutions in the Annual Survey of Colleges.

These are ***enrollment-weighted averages****, intended to reflect the average costs that students face in various types of institutions. Tuition and fees are weighted by the number of full-time students; room and board charges are weighted by the number of students residing on-campus or off-campus.*

SOURCE: Annual Survey of Colleges, The College Board, New York, NY.

From Sandy Baum and Kathleen Payea, *Trends in College Pricing 2003*, The College Board (www.collegeboard.com).

Year	Total	Employment status			Control				Type	
		Full-time	Part-time	Percent full-time	Public	Private			4-year	2-year
						Total	Not-for-profit	For-profit		
1970	474	369	104	77.9	314	160	---	---	382	92
1971[2]	492	379	113	77.0	333	159	---	---	387	105
1972	500	380	120	76.0	343	157	---	---	384	116
1973[2]	527	389	138	73.8	365	162	---	---	401	126
1974[2]	567	406	161	71.6	397	170	---	---	427	140
1975[2]	628	440	188	70.1	443	185	---	---	467	161
1976	633	434	199	68.6	449	184	---	---	467	166
1977	678	448	230	66.1	492	186	---	---	485	193
1979[2]	675	445	230	65.9	488	187	---	---	494	182
1980[2]	686	450	236	65.6	495	191	---	---	494	192
1981	705	461	244	65.4	509	196	---	---	493	212
1982[2]	710	462	248	65.1	506	204	---	---	493	217
1983	724	471	254	65.0	512	212	---	---	504	220
1984[2]	717	462	255	64.4	505	212	---	---	504	213
1985[2]	715	459	256	64.2	503	212	---	---	504	211
1986[2]	722	459	263	63.6	510	212	---	---	506	216
1987[3]	793	523	270	66.0	553	240	---	---	548	246
1989[3]	824	524	300	63.6	577	247	---	---	584	241
1991[3]	826	536	291	64.8	581	245	---	---	591	235
1993[3]	915	546	370	59.6	650	265	254	11	626	290
1995[3]	932	551	381	59.1	657	275	261	14	647	285
1997[3,4]	990	569	421	57.5	695	295	271	24	683	307
1999[3,4]	1,028	591	437	57.5	713	315	285	30	714	314
2001[3,4]	1,113	618	495	55.5	771	342	306	36	764	349

--- Not available.

1 Includes faculty members with the title of professor, associate professor, assistant professor, instructor, lecturer, assisting professor, adjunct professor, or interim professor (or the equivalent). Excluded are graduate students with titles such as graduate or teaching fellow who assist senior faculty.

2 Estimated on the basis of enrollment.

3 Because of revised survey methods, data are not directly comparable with figures for years prior to 1987.

4 Data are for 4-year and 2-year degree-granting institutions that were participating in Title IV federal financial aid programs.

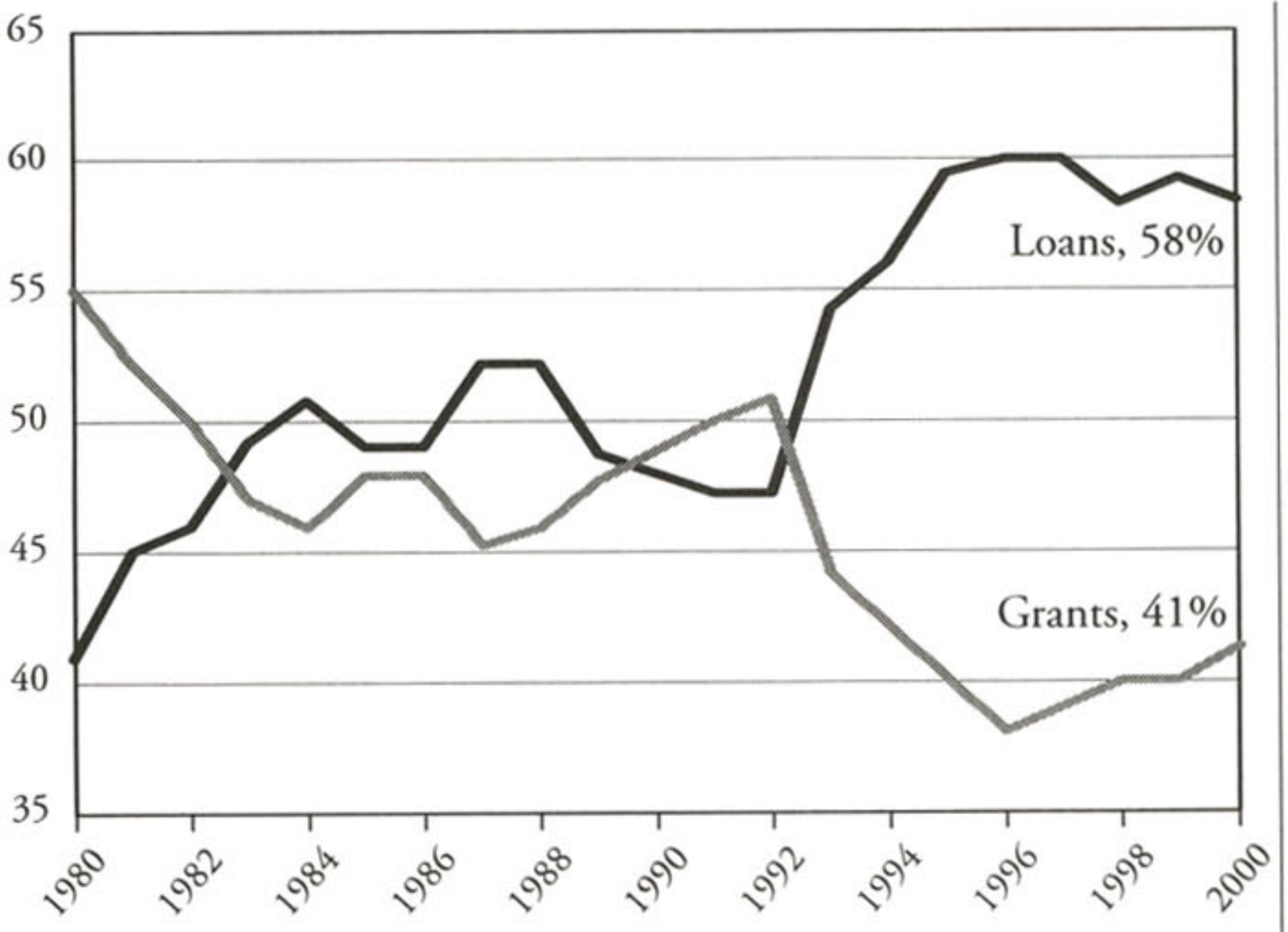
NOTE: Data exclude faculty employed by system offices. Data for 1970 through 1995 are for 4-year and 2-year institutions that were accredited by an agency or organization that was recognized by the U.S. Department of Education, or recognized directly by the Secretary of Education. For methodological details on estimates, see National Center for Education Statistics, Projections of Education Statistics to 2000. Detail may not sum to totals due to rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Employees in Institutions of Higher Education, various years; Projections of Education Statistics to 2000; Integrated Postsecondary Education Data System (IPEDS), "Fall Staff" 1985 through 1999 surveys, and Winter 2001-02; and U.S. Equal Employment Opportunity Commission, Higher Education Staff Information (EEO-6) Survey, 1977, 1981, and 1983. (This table was prepared September 2003.)

Full-time and part-time senior instructional faculty in degree-granting institutions, by employment status and control and type of institution: Fall 1970 to fall 2001 [In thousands]. Table by the National Center for Education Statistics (www.nces.ed.gov).

Other examples of commercialization abound. For a short period at the end of the 1990s, many universities—like Columbia, Duke, Temple, and Harvard—tried to enter the distance and online learning markets, often through partnerships with private companies. As the high tech bubble collapsed, so too did these ventures. More obviously, universities in the United States solicit corporate support in the form of sponsored research centers, programs, and chairs. Thus, for instance, we have the Lobster Institute at the University of Maine, the Center for Venture Capital and Private Equity Finance at the University of Michigan, and the National Center for Responsive Gaming at the University of Missouri at Kansas City. Corporate sponsored faculty include, for instance, the Charles Walgreen Professor of Pharmacy and the Sparks Whirlpool Corporation Research Professorship, both at the University of Michigan. These kinds of corporate-university liaisons are not radically new in American higher education, but the pace at which they are being created and funded is new.

While competition and commercialization represent serious and far-reaching effects of academic capitalism, even more fundamental perhaps has been the restructuring of academic labor in the American university. Here, we see labor practices—most importantly, casualization—carried over directly from corporate sectors into the university. The standard model of academic employment in the United States for over a century has been the ladder-rank



Percentage share of grants vs. loans, 1980–81 to 2000–01, from *Trends in Student Aid 2001*, The College Board (www.collegeboard.com).

tenured professoriate. Today, American academics live in a post-tenure university. As the American Association of University Professors recently reported, currently 44.5 % of all faculty are part-time, and non-tenure-track positions of all types account for more than 60 % of all faculty appointments in American higher education. Both part- and full-time non-tenure-track appointments are continuing to increase, with the quickest growth in recent years occurring in full-time positions off the tenure track. In other words, the number of *full-time* non-tenure-track appointments is growing even faster than the number of *part-time* non-tenure-track appointments. Full-time appointments off the tenure track were almost unknown a generation ago; in 1969, they amounted to 3.3 % of all full-time faculty positions. But between 1992 and 1998 alone, the number of full-time non-tenure-track faculty increased by 22.7 %, from 128,371 to 157,470. During that same period, the number of part-time non-tenure-track faculty increased by only 9.4 %, from 360,087 to 393,971, and the number of full-time tenure-line faculty increased by less than 1 %. By 1998, full-time non-tenure-track faculty comprised 28.1 percent of all full-time faculty and 16 percent of all faculty. Part-timers not on the tenure-track faculty made up 40 percent of all faculty members.

On most campuses, full-time tenured or tenure-track faculty constitute a rapidly shrinking fraction of a workforce composed of part-time faculty, administrators, academic professionals, and various support personnel. Within the academic profession, tenured and tenure-track faculty have become a minority. Good academic work is hard to find, and the two real growth areas of academic employment—in the contingent workforce and among administrative cadres—reflect an institution increasingly dominated by corporate practices and ideologies. Casual labor is cheaper. But university managers also claim that a casual workforce allows for greater flexibility and efficiency in matching faculty supply and student enrollment. Meanwhile, contingent faculty barely make a living wage, enjoy few medical benefits, and experience gut-wrenching levels of job insecurity.

Academic capitalism is fundamentally transforming professional life in the American university and entails serious consequences for each of the three roles traditionally assigned to faculty. In terms of governance, or control over the academic life of institutions, commercialization, competition, and casualization further remove decision-making from the hands of faculty. For instance, contingent faculty do not participate in governance, and shrinking numbers of full time faculty allow administrative managers to seize initiative and control over curriculum. Likewise, control over research agendas and resources is increasingly drifting toward external, heteronomous sources—corporations, university technology offices, and the market. Basic research has now been re-named "curiosity-driven" research.

Academic capitalism also reconfigures teaching, in several different ways. Increasingly, for instance, as universities attempt to cut costs by substituting technology for labor, they "unbundle" teaching into discrete, assembly line activities: course design, course delivery, and content provision. Meanwhile, the increasing reliance on contingent labor entails a de-professionalization of teaching. Instruction is increasingly assigned to faculty on the margins of professional life, so that teaching is disarticulated from disciplinary expertise.

As academic capitalism draws the university ever closer to the market, academic life in the United States mutates at an ever faster pace. These changes are filtered through the academic hierarchy. Those institutions at the bottom—with more working-class students and a more proletarianized faculty—are experiencing the most turbulence; those at the top are able to cling to more traditional structures, relations, and roles. Academic capitalism widens and deepens the status and pro-

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fessional hierarchy, even as this hierarchy works to open the university up to transformation and change. At the most abstract level, those who benefit most from the broader neo-liberal agenda—corporate sectors, certain fractions of the professional managerial class—must also benefit from the transformations of academic capitalism. Yet, academic capitalism is also generating, or at least provoking, contradictions that point to its weaknesses and possible horizons. For instance, the stress on making instruction more cost-effective seems also to entail a loss in teaching quality. Curricular and employment decisions driven by the quest to maximize revenue run up against public anxieties about the quality and value of higher education. Likewise, efforts to casualize the academic workforce, by relying on contingent workers, have generated a new wave of academic unionization, especially among part-time teachers and graduate students. Whether and how these contradictions develop is still up in the air.

I wish I could conclude on a happier note. Professional associations like the Modern Language Association and the American Historical Association have been slow to respond to the challenges of academic capitalism. In the best cases, they have acknowledged serious changes in professional life; in the worst and more usual cases, they have retreated further into self-idealization. Academic unions in the United States have begun to generate good analysis of academic capitalism. But so far they have been unable or unwilling to translate this analysis into programmatic agendas or action. This reflects the broader state of American labor unions in the face of two decades of neo-liberalization. A dominant model of "business unionism" continues to block and inhibit American unions, inside and outside academia, from translating awareness and analysis into action. Locally, on the shop floor and in the faculty office, dissent continues to simmer and bubble. But this incipient opposition has yet to find a willing or capable vehicle. Pessimism of the intellect abounds; optimism of the will is rare indeed. RT

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