
ACADEMIC CAPITALISM AND THE NEW ECONOMY: MARKETS, STATE, AND HIGHER EDUCATION

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THE KNOWLEDGE ECONOMY AND ACADEMIC CAPITALISM

Scholars Sheila Slaughter and Gary Rhoades are known for their incisive analyses of trends in the knowledge economy. In this book, they study non-profit higher education as a key contributor to the knowledge economy. They substantiate a body of distinct commercializing trends in non-profit higher education, which they describe *in toto* as the rise of an academic capitalism regime.

INTEREST FOR CHRISTIAN BUSINESS FACULTY

Many of us Christian business faculty have observed the commercialization in higher education over time, sometimes piecemeal, sometimes as through a glass darkly. The rise of neoliberal economics over the past three decades has affected all sectors of the economy, in both positive and negative ways. In their study of the application of neoliberalism in the sector of higher education, Slaughter and Rhoades describe neoliberalism as focusing “not on social welfare for the citizenry as a whole but on enabling individuals as economic actors.” This kind of neoliberal ideology has become the basis for what the authors term “the regime of academic capitalism” in the higher education sector.

The authors explore the positive and negative aspects of the academic capitalism regime in a fairly even-handed manner. This new regime of academic capitalism partly displaces, yet still coexists with, the previously dominant regime

of knowledge for the public good. Both regimes function alongside each other and also compete for increasingly limited resources.

Understanding the dynamics of these two regimes is essential for Christian business faculty to thrive in higher education. We need to choose paths in a complex terrain that lead us to strengthen our mission. That may mean a path of differentiation, whereby we reject commercializing forces that are changing other institutions around us. We may be led to do so by our commitments to quality teaching, mentoring, and moral development, and to broad access to higher education.

Alternatively, we may find flexibility in the new regime that allows us to take advantage of trends that equip our students for the new economy. Business programs could easily place themselves at the forefront of new economy activities, such as collaborative research with industry. New learning technologies bring opportunities to copyright and disseminate innovative, appropriate curricula.

By offering one more perspective on the knowledge economy—this time through the lens of the higher education sector—this book offers another handle on our changing business environment. This study is relevant to our discussion of organizational hybridization by giving examples and lessons from the original hybrid organization—tertiary education. Colleges and universities have always had one foot in the public commons and one foot in the marketplace.

Historically, most institutions of higher education benefited from revenues from both the state and tuition. Higher education in turn benefited both society and private individuals by educating citizens and workers.

HIGHER EDUCATION AS HYBRID ORGANIZATION

Slaughter and Rhoades trace the recent development of hybridization in this sector. Industries and universities formed joint lobbying organizations to promote state funding of job retraining programs in the 1980s, for example. Industries welcomed this kind of market orientation of education, because they gained an inherent subsidy for job retraining. Universities, for their part, gained many new ways to earn revenues by looking to the marketplace.

Trends beginning in the 1980s moved in the direction of hybridization in higher education. The distance education movement brought together people from the public, non-profit, and for-profit sectors to form hybrid networks of experts to deliver distance learning. Changes in copyright and patent laws in the 1980s allowed universities to own and profit from the curriculum and the new knowledge they created. Conflict of interest laws were eased to allow universities to own startup companies based on the new knowledge they created, even if these companies did business with the university. According to Slaughter and Rhoades, these developments breached “the historic firewall between public and private sectors” (p. 81).

TWO REGIMES, OLD AND NEW

The old regime is described as a social contract between academe and society. Scholars enjoyed autonomy in their research agendas, which were funded by the state and industry, often via the military-industrial complex. Researchers in turn gave society the fruits of research guided by peer review and unfettered by partisan or commercial priorities. Any defense or commercial applications were serendipitous, as researchers

followed their quest for knowledge. The authors point out that this social contract was in fact supported by a political coalition dedicated to funding defense expenditures during the Cold War, and a system of higher education that limited access by women and minorities, such that the authors consider nostalgia for the old social contract misplaced. It is worth noting that other scholars of higher education value the increasingly progressive aspects of the old social contract and elicit concern for the regressive aspects of the new regime (Kezar, 2004; Neave, 2006).

After the end of the Vietnam War, the focus of political support shifted to commercial uses of technology. With the advent of the knowledge economy (the development of which is not the topic of this book), universities took center stage as sources of what the authors term “alienable knowledge”—discoveries that could be separated from their laboratory origins and sold. Knowledge is the raw material for the knowledge economy. Organizations have used a growing array of legal devices, like patents and copyrights, to capture knowledge and turn it into products for profit. Slaughter and Rhoades define academic capitalism as “an alternative system of rewards in which discovery is valued because of its commercial properties and economic rewards, broad scientific questions are couched so that they are relevant to commercial possibilities (biotechnology, telecommunications, computer science), knowledge is regarded as a commodity rather than a free good, and universities have the organization capacity (and are permitted by law) to license, invest, and profit from these commodities” (p.107).

METHODOLOGIES

The authors draw their findings on academic capitalism from three methodologies. They first analyze salient case studies in higher education, such as the Internet 2 movement, through which institutions of higher education built the user-friendly Internet that we depend upon today. Second, they analyzed reams of quantitative data

on research and financial aid in higher education. Their third methodology was to interview faculty on the negative impacts of academic capitalism.

CRITIQUE

The researchers provide valid evidences at a micro level to substantiate a macro-level phenomenon: a sweeping transition to academic capitalism. The evidences they provide are good, but they are of necessity partial, and as such do not support their sweeping causal statements. For example, they state that the dense overlapping of boards of trustees revealed by their research probably creates a flow of communication through the network that makes entrepreneurial startups based on university research more likely. This is a broad causal statement that their work does not support.

In my opinion, their analysis would benefit from an industrial policy perspective that includes the macro level to better understand motivations that they studied at micro levels. A second way to do macro-level analysis is to compare countries. The authors' research is limited to the United States higher education sector.

POSITIVE ASPECTS OF ACADEMIC CAPITALISM

The neoliberal academic capitalist regime expands revenue sources for higher education during times when state budgets are tight. The authors also note the trend of increasing professionalism in administrative support for new economy activities. Unfortunately, these same new layers of administration contribute to the rising costs of higher education, in some cases negating the revenues from academic capitalism.

The authors point out that the new regime still promotes the common good, but it redefines the common good in terms of economic development. The strong coalition of political support enjoyed by the former social contract has shifted its support to the new social contract for economic development.

The new regime increases the range of options for faculty work and remuneration into more commercial activities. Higher education can thus compete well to attract the best and brightest in a global pool of academic labor.

Another advantage of the market-oriented regime is that it allows the market to allocate research resources on a competitive basis to research applications showing evidence of potential success. This approach is more targeted and efficient than pursuing pure science and hoping for serendipitous applications.

NEGATIVE ASPECTS OF ACADEMIC CAPITALISM

Slaughter and Rhoades give a laundry list of significant problems inherent in the academic capitalist regime. These issues belie its assumed market-orientation and efficiency. First, the extensive public subsidy of higher education is especially contradictory to neoliberal philosophy. Second, academic capitalist approaches more often than not absorb more revenues than they produce. Third, unanticipated consequences are often negative.

"Treating knowledge as a private good may make much of it inaccessible, perhaps constraining discovery and innovation. Conferring decision-making power on institutions other than faculty may impinge on academic freedom. Basic science for use and basic technology may provide narrow forms of discovery and education that do not sit well with concepts of public good" (p. 29). Such detrimental aspects of the new regime may jeopardize the public support that higher education has traditionally enjoyed, the authors warn.

IMPLICATIONS FOR CHRISTIAN BUSINESS FACULTY

As mentioned earlier, this book aids business faculty in our understanding of and critique of trends in our changing business environment. The authors suggest that we can go much farther. We can envision an alternative to the neoliberal future traced by academic capitalism. They sug-

gest that colleges and universities can do more than maximize revenues from alienable knowledge. They recommend a niche strategy that responds to regional social benefits. Their examples include research in clean and sustainable energy. An interdisciplinary approach would bring discoveries in the social sciences and humanities alongside scientific discoveries to address effectively the human challenges of a changing world. Such an interdisciplinary approach might find means to distribute pharmaceutical discoveries in generic form to low-income regions, for example. Alternatively, the proceeds from research could go into a public trust guided by a coalition that includes student interests. Much of copyrighted curriculum is subsidized by public funds; the originating university might give discounts to students to recognize their contribution. These are just a few of the ideas that arise when profit maximization is not the only goal of academic capitalism.

Christian colleges and universities would also benefit from the authors' advice to differentiate our responses to academic capitalism. It makes no strategic sense for every institution to strive to create its own Silicon Valley or Research Triangle, and many attempts to create industrial parks beside universities have failed for this reason. If we see the core distinctive of Christian Colleges and Universities as our commitment to the mission of faith integration, we can draw certain inferences from Slaughter and Rhoades' work.

Here are just a few. Rally financial support around mission, working to supplement shift-

ing tuition proceeds with endowment income. Appoint trustees, presidents, and administrators committed to the mission who understand non-profit culture and management as well as profit maximization. Involve faculty in big decisions that impact mission. Grow in our niche by improving faculty development, both pre-tenure and post-tenure. Collaborate with Christians in business to help students fulfill our mission in the new economy. Plumb new funding resources flowing from academic capitalism to support innovations in teaching and learning along the lines of mission. Keeping mission central is the essence of our differentiation in the higher education market.

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