

# Introduction—The Concept of Corporatization: A Useful Tool or Feel-Good Slogan?

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Many years ago a noted academic, the late Hans Morgenthau, playfully warned his new doctoral students that his was the last generation of privileged academics. As first-year graduate students, most of us didn't fully understand what he meant. Our passion was learning. We just wanted to master our subject matter and didn't give a lot of thought to the many challenges, present and future, our newly chosen profession faced. But as we joined the ranks of the professoriate and worked our way through the academy, it became clear that institutions of higher learning were changing; and, more often than not, many of us felt uncomfortable with the direction they were taking. In fact, over the years whenever we mentioned Morgenthau's observations to colleagues, they usually responded by saying something along the lines of: "Forget about *privileged* academics. Ours may be the last generation of academics, period." Although overly glib, this retort suggests that something is seriously wrong in the academy.

As AFT activists,<sup>i</sup> we hear more of the same from many of our 150,000 higher education members throughout the United States. The academy, they tell us, is becoming increasingly staffed with an army of poorly paid contingent faculty who work without tenure, the very bedrock of academic freedom. The casualization of higher education faculty has undercut tenure. Today almost two-thirds of teacher positions in U.S. institutions are non-tenured.<sup>ii</sup> But tenure

isn't the only institution under attack. The great tradition of shared governance is also increasingly under the gun. Traditional intellectual property rights are up for grabs, and market forces frequently pressure faculty to compromise their professional standards. Indeed, most faculty seem to agree that something is seriously wrong in the academy, but there is no consensus as to exactly what.

The observations of colleagues are backed by a growing body of literature on the changes taking place in higher education policy in the United States. This first issue of *American Academic* examines one of these changes in America's institutions of higher learning: the impact of the marketplace, or what many call corporatization, on different aspects of the academy. We put out a call for papers to explore this topic from a variety of viewpoints and various academic disciplines, and the articles in this journal reflect the ongoing debate. There are many different viewpoints and little or no consensus on the issues. All authors, for instance, agree that commercial factors do impact traditional higher education processes, but not everyone agrees about whether this is good or bad. In general, all contributors view the intrusion of market forces with suspicion or alarm. Some, as Mitch Vogel points out in his Editor's Note, see the contemporary debate as something new and unique. They use the term "crisis." Others reject this view and point to history to show that the pull and tug between academic and commercial values is part of the history of higher education in the United States.

This discussion is lively, deeply felt and instructive. Not surprisingly, it raises as many questions as it answers. That's good because it gives us a roadmap to pursue the jugular issues of the problem with more precision and perhaps take the discussion to a higher level. With that in mind, we will begin by identifying four issues that remain unsettled in the current literature on corporatization, including the contributions in this journal. Later in this article, we offer a preliminary definition of the problem of what many call "corporatization" and attempt to determine which forms of market intrusions are invidious and which are not.

The first issue could be called, "What's so different about today?" To cite one example, Gary Rhoades and Sheila Slaughter's article "American Capitalism in the New Economy: Challenges and Choices" argues that the changes taking place in higher education policy are new and then points to a number of factors characterizing this phenomenon. Other authors also speak in terms of a

crisis. They offer many good ideas, but it is still difficult to pinpoint how, if at all, to distinguish this era from the past. What defines our current circumstances as a crisis, compared to, say, the conditions of higher education that Thorstein Veblen and Upton Sinclair wrote about almost a hundred years ago?<sup>iii</sup> Donoghue's article is illuminating on this point. Veblen viewed the university as a business enterprise. Sure, the kinds of goods bartered and exchanged are different today. But has the core identity of the university as an institution that is partially driven by business, i.e. corporate, values changed?

Is history just a department at the university or are our present experiences best understood within their historical context? If we agree with the latter, as I suspect most of us do, then we need a deeper understanding of how we got to this point if we want to effect change. And doesn't the concept of "crisis" suggest that the very existence of an institution is at stake? For as long as anybody can remember, the mattress store down the street has had this sign in its window: Going Out of Business – Prices Slashed. When does a crisis become just another way of doing business? Again, we need more specifics to show how, or even whether, institutions of higher learning are about to meet the apocalypse.

The second unsettled issue in the literature could be labeled, "Are all commercial intrusions in the university bad?" Indeed, much of the literature views the sale of consumer goods and services by institutions of higher learning as something to be avoided. To a limited extent the Rhoades and Slaughter article again provides an example of this position. Their provocative essay identifies the growing emphasis on the sale of consumer goods and services as an inherent part of the new capitalist knowledge/learning/consumption regime. Putting aside the question of whether or not students would elect to attend institutions that did not sell consumer goods, the question remains as to whether putting a vending machine on campus differs from, say, doubling class size or replacing full-time faculty with an army of part-timers? Does the Coke or candy machine differ from corporate-sponsored applied research? If so, how? Are all corporate intrusions equally bad? What about socially conscious companies such as Ben and Jerry's? Do we run them off the campus too? If so, why?

Willis Regier argues in "Profit or Perish: University Presses and the Book Market" that the sale of consumer goods by bookstores is valuable because it helps subsidize university presses. He tells us that the issue is more complex than it appears, and suggests that some commercial activities may actually

support traditional academic values, which, of course, implies that not all marketplace intrusions are bad. But the question remains: How do we distinguish those market place intrusions that are detrimental to the values of higher learning from those that are innocuous or even helpful? If not all market infringements or “corporatization” are detrimental to the academy, how do we know which are deleterious and which are innocuous or perhaps even worthwhile? Are all forms of corporatization bad?

A third critical question, more implied than addressed in the essays, is, “What drives corporatization?” Are the examples of market intrusions discussed in the essays solely a response to the chronic underfunding of institutions of higher learning? Or are other factors at work? Lee and Clery present extensive evidence citing how the precariousness of state higher education appropriations has led institutions to seek other, more market-oriented, sources of funding. Other essays grapple with this issue, but we certainly have not come to anything definitive about causation.

We must be careful not to fall into the trap, as Professor Morgenthau used to say, of revealing the obvious and hiding the essential. After all, fiscally strapped institutions are more likely to cut costs by replacing full-time faculty with non-tenured part-timers. They’re also more likely to place a premium on cost-saving budgeting systems; to rely more heavily on applied rather than theoretical research; to infringe on faculties’ traditional intellectual property rights; to emphasize career education at the expense of the humanities; to raise money by contracting out services; to sell sweatshirts and other consumer goods in the campus book store, and so on.

In this context, the solution to contemporary problems facing higher education is relatively clear, although still very difficult to resolve. Rather than viewing the marketplace as an unwelcome intrusion on the academy, we may need to use all the resources at our disposal to secure adequate funding for our institutions of higher learning. Shocking as this may sound to some, perhaps the marketplace is not the culprit! In any case, if we’re going to resolve the problems discussed in the essays, we certainly need to take a closer, more precise look at the reasons institutions accept what the authors frequently identify as market place intrusions.

Fourth, and finally, each of the articles in its own way addresses the most fundamental question of all: “What exactly *is* corporatization?” Here, too, we do

not wind up with a clear definition. This is not surprising and is, again, symptomatic of the bulk of literature examining the issue of market encroachments on institutions of higher learning. Does corporatization mean anything besides being a label for activities we just don't like? Or, as we suggested elsewhere, is it just a feel-good slogan of little analytical value? It is critical that we work our way out of this confusion because, after all, if we can't clarify our concepts so we can distinguish the dangerous from the unpleasant or even the beneficial, we'll never develop an effective strategy to resist the corporatization of higher education in the United States.

In light of these important and unsettled issues, our short essay is a preliminary effort to define more clearly the problem of what many call "corporatization" and to determine which forms of market intrusions are invidious and which aren't. Clarification of the concept should also help us identify the differences between marketplace encroachments today from those of the past. Rigorous analysis of the posited question also lifts the intellectual fog that obscures the relationship between complex marketplace intrusions on the academy and the simple question of underfunding. By focusing primarily on "corporatization," are observers studying the essence of the problem or just a symptom?

## I

To better understand the concept of corporatization and how it affects higher education institutions, we need to examine how corporations differ from colleges and universities. In other words, we'll begin our analysis by comparing the goals of educational institutions to the goals of business enterprises in capitalist America. The first fact is obvious but crucial: In the United States companies are in business to make a profit. If they fail to realize this goal, they will eventually close down and go out of business. That's the bottom line. To realize the objective of turning a profit, business enterprises must produce a good or service as a *means* to the end of making a buck for the company's owners.<sup>iv</sup> Businesses may produce tangible products such as automobiles, clothing, razor blades, cereal, or whatnot; or they may produce intangible and abstract goods, such as services and knowledge. In other words, companies produce goods, not for the sake of making the goods themselves but for the purpose of exchange. *They produce exchange values.*

There are many significant implications to this fact. If the good or service produced is only a *means* to the *end* of turning a profit, the quality of the product

is a function of whether or not buyers will actually purchase it. At times, an inferior product may sell sufficiently to provide a sound return to investors; but in a competitive marketplace, where consumers have many different choices, the quality of the good produced becomes an issue. When all things are equal, consumers are likely to buy the quality good. Yet the pursuit of profit, not quality, remains the *raison d'être* of the good or service itself. Quality is a function of market competition. This obvious oversimplification of the marketplace fails to recognize the many factors at play in the competitive production and sale of goods and services. That's why, depending on circumstances, market conditions may force companies to reduce production costs to the point of undercutting the quality of the product produced. When this occurs, as it frequently does, the tension between the primary drive for profit and the secondary need for quality is exposed as a contradiction inherent in the production of exchange values. Just think about the impact on Detroit when the Japanese overtook the Big Three in the U.S. auto market of the 1980s.

The goals of institutions of higher education are distinct from those of the business sector. Educational institutions attempt to teach students the values associated with the pursuit of knowledge, or what denizens of higher learning institutions like to characterize as the pursuit of truth. The pursuit of truth means that all ideas are up for grabs, thereby encouraging dissent, disagreement and a tolerance for different opinions. Put more succinctly, the goal of education is education. The quest for truth is an end in and of itself; if society benefits from the utilitarian consequences of this quest for truth, all the better. That's why academic freedom—defined as the ability of faculty to pursue without restraints the truth as an end in and of itself—is so important in higher education. Now, we know that people like John Dewey and others<sup>v</sup> focused on the utilitarian values of the quest for truth and how it generates values essential for democracy. Nevertheless, the fact remains—the goal of higher education institutions is education. Or to say it another way, *educational institutions produce use values*, intangible and abstract goods that are ends in themselves.

More than two thousand years ago Aristotle noted that the logic of production for use is quite different from the logic of production for exchange. Simply put, the logic of production for use sees the value of the product as a function of its usefulness. The product is not made with the purpose of being taken to the marketplace to sell, although that might happen. Unlike an exchange value that is produced to exchange for a gain of some kind, the primary function of a use value is to produce a product that fulfills a real human need. This mode of logic

brings quality considerations to the forefront of the productive process. The better the product, the more useful it becomes. Questions of efficiency of the productive process and the profit the product may bring in the marketplace are subordinated to whether or not it does what its producers intended it to do in the first place. This is the key distinction between business enterprises and educational institutions. *The former produce exchange values; the latter produce use values.*

The consequences of this distinction are enormous. On the most immediate level, the distinction between use and exchange value illuminates the isolation of higher education institutions within a social and economic milieu dominated by exchange values. It's easy to understand now why the university is seen by some as an atavistic remnant of the past. When evaluated by exchange-value criteria, it is exactly that! Or at least, in the eyes of some, it should be.

This raises a more subtle point. The exchange value-use value distinction helps us gain a better understanding of the issues and pressures marketplace infringements present to the university. The problems of marketplace encroachment or "corporatization" are not merely a matter of personal taste, of disliking anything corporations or other business enterprises do on campus, as far too many writers on the subject suggest. Understanding the tension between exchange values and use values provides us with a road map to distinguish those corporate values which threaten the integrity of the university and those that we just may or may not like.

The issue of faculty productivity clearly illustrates this point. Using exchange-value criteria, productivity increases are a function of the number of students you can squeeze in a classroom. The institution is doing more and spending less. If larger class size impinges upon the learning process, as many studies show, productivity actually decreases when use value is the goal. The same logic applies to the trend of replacing full-time faculty with legions of part-timers. Reliance on part-timers certainly reduces cost. But if part-time faculty are denied office space, are treated as "outside" the peer process, and teach at several institutions to make ends meet, in effect becoming what we call at AFT "Roads Scholars,"<sup>vi</sup> reliance on part-timers may also undermine the quality of the educational experience. In other words, when exchange-value criteria are applied in the academy—an institutional setting grounded on use value—the goals of learning are undercut. In short, when exchange-value criteria are used

to measure productivity in a sector driven by use values, productivity increases are really productivity decreases! The opposite is also true.

The faculty productivity example shows how use values are weakened when academic managers foist exchange-value criteria upon the educational process. The question of corporate-sponsored research illuminates how private companies may promote exchange values without undercutting the university's use values.

When use-value criteria are applied to academic research, its worth is a measure of how much new knowledge it creates. Academic freedom, as commonly used, gives faculty members the ability to conduct research on topics that may appear esoteric or trivial to many. But—most importantly—the research debate is driven by educational criteria. It focuses on the issue of how best to develop new knowledge and leaves these decisions to the people who understand them best: the higher education faculty and researchers.

The pursuit of use value does not mean university faculty should conduct only theoretical as opposed to applied research. Corporate-sponsored research does not undercut use values *per se*. Take the fictional Acme Drug Company, for instance. Acme may put up bundles of money to find a cure for HIV/AIDS, but as long as faculty members are engaged in the pursuit of knowledge, use-value criteria are met. This holds true even though Acme is sponsoring the research in order to turn some big bucks. Assume now that a faculty member makes a break-through and develops a pill that cures AIDS. Acme will make a mint, to say the least, but as long as the research project itself is controlled by faculty in the pursuit of knowledge, use values remain intact. This, of course, would include the faculty member's right to publish and disseminate the findings. The question for this debate is: how likely is this to happen in the real world?

Here we get to the heart of the current debate on corporatization. What happens when exchange-value criteria are brought *into* the research process? Once exchange-value criteria are injected, the emphasis of the research process shifts from education as the driving force to making a financial return as the goal. In order for corporate managers—or their higher education counterparts acting as surrogates—to maximize the financial return they want to make from their research, the research is subordinated to the company's fiscal objectives. That research grant from the Acme Drug Company may forbid the researcher

from revealing a single piece of information about the project or its results. Or Acme may sponsor a project whose specific goal is to produce an outcome beneficial to Acme. (Does smoking cigarettes cause cancer? Our research shows that cigarettes are perfectly safe! ) In short, companies aim to control how the research is conducted; who conducts it; and how the findings are disseminated. Exchange values in the conduct of research stand squarely at odds with academic freedom, which posits that these decisions—how research is done, who does it, and how it's disseminated—should rest with the faculty. When faculty are forced to surrender this power, motives other than educational goals become the driving force.

The inherent contradiction between exchange and use values is more than theoretical. It's real and drives us to ask the jugular question: At what point does an educational institution collapse because its educational function is infected by exchange-value criteria? Put more bluntly, at what point does an institution of higher education fail because it's no longer fulfilling its goal of educating students? This is the primary danger we see in the ongoing corporatization of higher education. The possibility that exchange-value criteria might compromise the education function also explains why the fight against corporatization is a fight for academic freedom and quality education; and it allows us to bring students' educational needs into the picture, something that was lacking in the journal's essays. Conducting research and educating students, after all, is what we're all about.

The distinction between the goals of the business sector and the goals of higher education institutions make it easier to understand the existence of continuous pressures to impose exchange values on the university. In fact, it's now clear that this distinction provides a road map to help us determine which market infringements undercut the educational process and which don't. In fact, the distinction between exchange value and use value now gives us a working definition of the frequently abused and often overused concept of corporatization, a term used synonymously with market infringements on the academy. Based on our distinction, we conclude that corporatization occurs when a business or market value impinges on academic freedom and interferes with the pursuit of knowledge and the quality of education.

When understood in these terms, it's possible to view market intrusions as more than a series of activities abhorred by the political Left and often applauded by the Right.

The example of candy or soda machines on campus illustrates this point. As noted earlier, many observers condemn all profit-making activities on campus. But once we understand the tension between exchange value and use value, we can see that having a Coke machine on campus is significantly different from, say, research contracts that limit the ability of faculty members to share their findings to the larger academic community. Sure, corporations make money off students, who have limited options on campus, by selling Coke and other goods. But unless the campus is involved in some sort of tradeoff that vitiates the production of use values, this act of selling candy, soda, or whatnot is not corporatization. It's not a practice that necessarily infringes on the research and learning process. It's just a business practice some of us happen to dislike. And while we may or may not have other reasons to oppose the practice, blurring distinctions between use and exchange value does not aid our cause.

Similarly, sweatshops are a despicable corporate practice. In New York, our union, the United University Professions (UUP), worked with our affiliate, New York State United Teachers, and other unions, to gain legislation in opposition to the sale of sweatshop-produced goods at SUNY and CUNY. That was a major victory that we all applauded. Nevertheless, the sale of such goods did not necessarily infringe upon the university's production-for-use function. It was separate from the research/learning process and is best understood in that context. That's why the sale of sweatshop-produced clothing in campus bookstores isn't corporatization. Perhaps if a clothing manufacturer offered a university a considerable share of the take in bookstore sales of sweatshop or other goods, we would have reason to think that such a compact could infect the college trustees' decisions on educational issues. That would represent an instance of corporatization, given our understanding of the concept. We want to emphasize, it is not our intention to diminish the importance of resistance against sweatshop-produced goods on campus. We are just trying to make sense out of an unusually muddled issue that begs for clarification. The problems confronting higher education require analysis, not slogans.

Given this definition of the concept, as noted in the faculty productivity example above, not all instances of corporatization come from corporations.

Academic managers often adopt exchange values that they tout as improvements but which actually weaken the quality of the educational process. At the State University of New York, for instance, the trustees developed a financial policy originally called the Resource Allocation Method (RAM) that pits one SUNY campus against another in a Darwinian arena of the marketplace. RAM is predicated on the notion that each campus must be “profitable” in the sense of paying its own costs and generating its own revenues. In so doing, RAM is based on an exchange-value formula that equates reduced costs with educational quality. It’s the perfect example of what we at the United University Professions like to call “Darwinism gone ape,” foisted on the University by corporate managers imported into higher education.

## II

The distinction between production for use and production for exchange also provides us with criteria to distinguish whether and how the ongoing crunch in higher education differs from the trends Veblen, Sinclair and others wrote about almost a hundred years ago. As Frank Donoghue’s article observes, corporate interference in America’s colleges is not a new phenomenon. In his 1918 work, *The Higher Learning in America*, Thorstein Veblen expressed great concern that business values were impinging upon institutions of higher learning. Upton Sinclair’s *The Goose Step: A Study of American Education* made a similar point. Nevertheless, precautionary warnings aside, in the early twentieth century the marketplace and institutions of higher learning were relatively independent of each other. Business leaders, of course, contributed to endowments, and the top institutions of higher learning faced the task of educating future generations of business leaders, but the goals of the business and higher education institutions remained relatively distinct and different. It’s one thing to note that the primary functions of college presidents include real estate and public relations, as Veblen observes. But at the time Veblen and Sinclair were writing, many of the functions of higher education accepted today, such as the notion of universities as publicly funded corporate research centers, were yet to arrive.

What, then, has changed? Since marketplace intrusions have been with us for over a hundred years, the best way to understand whether the changes are of degree or of kind is to analyze the extent to which the goals of the corporate sector have replaced the goals of the university over time. Again, our distinc-

tion between use values and exchange values provides the analytical tools needed to resolve the question at hand.

### III

The notion that the academy is a sacred place runs throughout the journal's essays. The academy is sacred because it's different from other institutions. Hopefully, these preliminary thoughts shed some light on the nature of the differences. Knowing that higher education institutions produce use values within an environment dominated by exchange values tells us what's different about the university. Just as importantly, it provides us with an analytical tool to understand which aspects of corporate values threaten the very fiber of our institutions of higher learning and why. To successfully resist these threats we need to know what they are and where they stem from. The tendency for many scholars to criticize corporatization without precisely clarifying the concept may explain the dearth of useful plans of action to resist the ongoing corporatization of higher learning in the United States. Hopefully, the distinction made here between exchange values and use values should help us formulate useful action plans. Certainly clarification of the concept and the realities of corporatization need further exploration. Nevertheless, our distinction between use and exchange values also puts us on the side of the angels in the political fight against corporate intrusions by providing an analytical tool that defines our battle as a struggle *for* academic freedom and educational quality, not a fight *against* business practices we simply don't like. And that's the key. If we oppose everything the market does, we end up opposing nothing.

### ENDNOTES

<sup>i</sup> William E. Scheuerman is President of United University Professions, an AFT Vice President, and chair of the AFT Higher Education Program and Policy Council; Thomas J. Kriger is Director of Research/Legislation for UUP and often contributes to AFT functions.

<sup>ii</sup> See the American Federation of Teachers, *Marching Toward Equity: Curbing the Exploitation and Overuse of Part-time and Non-tenured Faculty*, October 2001; The American Federation of Teachers, *Standards of Good Practice in the Employment of Part-Time/Adjunct Faculty*, July 2002.

iii See Thorstein Veblen, *Higher Learning In America*, Augustus M. Kelley Publishers, 1971; Upton Sinclair, *Goose-Step*, Classic Books, 1923.

iv The ideas in this article were first explored in William E. Scheuerman and Thomas J. Kriger, *Corporatization: Concept or Slogan?*, *Thought and Action: The NEA Higher Education Journal*, (Vol. XVII, Number 1), Summer 2001: 119-126.

v See John Dewey, *Democracy and Education*, The Free Press, 1916.

vi See Note ii.

