

Chapter 1

Introduction

Sheila Slaughter and Barrett J. Taylor

The essays in our book address trends in the US, EU and Canada that indicate the strengthening of the academic capitalist knowledge/learning regime over time (Slaughter and Leslie 1997; Slaughter and Rhoades 2004; Slaughter and Cantwell 2012). In our initial formulation of academic capitalism (1997), we defined academic capitalism as institutional and professional market or market-like efforts to secure external monies. As with capitalism and profit, competition was the key to universities' success in generating external resources. As theory (Slaughter and Rhoades 2004; Slaughter and Cantwell 2012), academic capitalism teases out the ways in which new institutional and organizational arrangements made possible by neoliberal states enable new linkages among state agencies, corporations, foundations and universities that create opportunities for non-market entities, such as universities and foundations, to move toward the market. Segments of all sectors—state agencies, nonprofit entities including non-governmental organizations (NGOs), corporations and universities—are involved. Universities are not simply acted upon by outside forces. Segments of the university, including some faculty, administrators, and students, embrace market activity (Fourcade and Khurana 2013; Grewal and Purdy 2014), while other segments are resistant or neglected (Rosinger et al., *in press*).

The result is complex and heterogeneous. *New circuits of knowledge* link state agencies, corporations and universities in entrepreneurial research endeavors. *New funding streams* support these knowledge constellations and *interstitial organizations*, such as technology transfer and branding offices, emerge to facilitate the new

S. Slaughter (✉)

Institute of Higher Education, University of Georgia, Athens, GA, USA
e-mail: slaughtr@uga.edu

B.J. Taylor

College of Education, University of North Texas, Denton, TX, USA
e-mail: barrett.taylor@unt.edu

knowledge circuits. Simultaneously, many established offices, such as endowment management offices, are *repurposed*. Actors from the public, non-profit and private sectors initiate *intermediating organizations and networks*, such as the Business Higher Education Forum in the US, and the European Research Area in the EU, to stabilize the new circuits of knowledge and the organizations that facilitate entrepreneurial activity on the part of universities. At the same time, universities build *extended managerial capacity* that enables them to function as economic actors. *Narratives and discourses* that justify and normalize these changes are developed, elaborated and articulated by all the players, and deployed via *social technologies* (Slaughter and Cantwell 2012). There is no particular order in which these phenomena occur. They can take place sequentially, simultaneously, or independently, but always recursively. They explain how universities become marketized not only in science and engineering, but across a variety of fields.

While academic capitalism may be strengthening, we stress that it is marked by contradictions, inconsistencies, and unintended consequences (Slaughter et al., 2015). In the US, for example, academic capitalist processes occur in *quasi-markets* shaped within neoliberal states that deliver public programs in market-mimicking ways such as competitions for students' tuition dollars and for research funding. Such competitions legitimate notions of markets in higher education. Moreover, because quasi-markets incentivize universities to comply with policy demands rather than to operate optimally, they also divorce competition from efficiency (Taylor et al. 2013). The results can be surprising. Where for-profit firms presumably scrutinize the relationship between revenues and expenditures closely, classic studies such as Bowen's (1980) analysis of higher education finance have long posited that campus decision-makers focus on "the top line" rather than the "bottom line." These decisions also are made within a "prestige economy" in which universities seek status as well as resources. As a result—and in direct contravention of predictions that competition will make universities more like for-profit firms—universities appear to prefer resources that confer status (such as research grants) over those that do not (such as tuition), even when the former is likely to increase costs more rapidly than is the latter (Rosinger et al., *in press*).

Unintended consequences also abound in university rankings, a venture in which government role is less direct but where intervention by for-profit and non-profit organizations is clear. Competition for position in league tables has led many universities to spend significant shares of their annual budgets in efforts to raise their rankings, yet elite universities that occupy the top slots in national and global rankings rarely change position (Bastedo and Bowman 2011). This partially reflects the rise of science as a dominant global institution (Taylor and Cantwell 2015). If all universities espouse similar emphases on the sciences, then the best-resourced entrants almost inevitably will prevail, as they possess the slack resources necessary to restructure personnel (Cantwell and Taylor 2015; Pusser and Marginson 2012, 2013) and degree offerings (Taylor et al. 2013) in a way that is likely to appeal to ranking systems. Indeed, at least one function of global rankings schemes such as the Shanghai Jiao Tong ARWU league tables seems to be to legitimate resource inequality rather than to promote efficiency (Cantwell and Taylor 2013).

Despite these contradictions, inconsistencies, and unintended consequences, the market narrative—which tells a tale of human capital accumulation through education leading to greater employability in high paying jobs, entrepreneurial science and technology able to create such jobs, and the knowledge economy as the key to citizens' prosperity—remains powerful. This volume collects chapters that assess the state of this narrative and, often, push back against it. The essays that respond to and critique this persistent narrative are grouped in four sections: patterns of stratification; senior management, trustees and policy makers; students, curriculum and faculty; and countertrends to marketization.

Stratification. As massification occurs, stratification follows. In the early 1960s, when relatively small percentages of various countries' populations attended college, investing in a college degree was thought to create human capital likely to guarantee a good job (Becker 1962). However, as greater numbers of secondary school students gained tertiary degrees, some students and institutions began seeking ways to differentiate themselves from other degree-holders. At the individual level, there are a number of ways for students to accomplish this: attending highly selective, high prestige colleges and universities; pursuing professional or graduate degrees; and/or seeking out programs perceived to be close to the market, such as medicine, law, computer science, or business. Similarly, colleges and universities attempt to differentiate themselves from the bulk of their competitors by carefully selecting the best students, and by increasing tuition, endowment savings, and research funding and outputs.

Drawing on world-wide ranking schemes, Simon Marginson, in "Global Stratification in Higher Education," explores the ways in which two different forms of stratification—within a national system and across multiple nations—relate to one another. Marginson notes that the essential driver of stratification at the national level typically is competition for the limited number of high value student places associated with social advantage. At the global level, however, he identifies the primary means of achieving status as success in research. With regard to global student mobility, the US pursues its foreign policy interests by educating future national elites from elsewhere. In Finland, Norway, France and Germany international students in public institutions pay low or no fees, while the UK, Australia, New Zealand, Malaysia, and increasingly Canada, treat international education primarily as a means of generating export revenues.

In "Blurring Boundaries and Borders" Ilkka Kauppinen, Lindsay Coco, Hyejin Choi and Lucia Brajkovic examine some of the deep structures that may underlie success in research. The authors ask whether universities' involvement in global production networks is a way to achieve status in world class university rankings. They explore the links between the trustees of US members of the prestigious Association of American Universities (AAU) and transnational corporations (TNCs). University trustees are frequently CEOs of corporations, and also sit on the boards of directors of other corporations, some of which are TNCs. This study explores the interlocks between trustees' universities and TNCs as well as the correlations between such linkages and universities' position in global rankings. The authors' findings suggest that the boards of US research universities constitute

an important social space in which members of the global capitalist class may interact and seek valuable knowledge inputs. For their part, universities appear to seek the additional resources and status that trustees' connections may contribute.

The next three essays—"The field dynamics of stratification among US research universities: The expansion of federal support for academic research, 2000–2008," by Barrett Taylor, "The *crème de la crème*: Stratification and accumulative advantage within US private research universities," by Kelly Ochs Rosinger, Barrett Taylor and Sheila Slaughter, and "Patents and university strategies in the prestige economy," by Barrett Taylor, Kelly Ochs Rosinger, and Sheila Slaughter—focus quantitatively on academic capitalist processes in the US between approximately 1990 and the present. While the first two outline patterns of stratification, the final chapter in this group highlights one particular strategy by which elite privates may gain and consolidate field status. Generally, private and public research universities, many of which appear in the top 100 of the Shanghai rankings, are compared, revealing that there is escalating stratification even within this elite group. The sharpest differences appear to obtain between publics and privates. Examination of patenting by research universities shows that all publics patent at moderate levels, perhaps out of a need to articulate with economic development at the state level, while privates, less constrained by responsibilities to the citizenry, are able to patent selectively. Many private universities engage only in nominal levels of patenting, but a few, such as the Massachusetts Institute of Technology, patent extensively and successfully.

Perhaps in part due to the compounding effects of other, similar strategic decisions over time, the gap between a small number of universities—6–10 in the public sector, 7–12 in the private sector—and all the rest has grown greater and greater. The key drivers of stratification differ for public and private universities. Public universities suffer from loss of direct support from state governments, and so increasingly rely on research support secured from the federal government. As indicated in Taylor's chapter, success in securing these funds distinguishes elite public universities from the growing number of "poor relations." According to the results presented in that chapter, however, even the elite publics were unable to achieve the same spectacular results as elite privates. Private universities compound their advantage in research funding with endowment growth and the ability to restrict seats. The latter two points are highlighted in "The *Crème de la Crème*," which traces the growing distinctions between a small subset of private research universities and all others. Shifts in the regulatory environment and administrative law across a number of policy sectors—lax regulation of non-profits, tax breaks for donors to non-profits, deregulation of finance and subsequent wealth accumulation (Mettler 2011; Piketty 2014)—created conditions for this spectacular growth in university endowments. These resources enabled high endowment private universities to compete successfully for expanding federal research funds. Despite this sizable advantage in resources, however, elite privates have not expanded enrollments. Given that post-secondary policy stresses equal access for meritorious students, this is troubling, as it suggests that a relatively small number of individuals benefit from a large share of total resources for university education in the US.

Senior management, trustees and policy makers. This section elaborates on the quantitative patterns documented in the previous section by analyzing specific cases that illustrate some of the concrete mechanisms that switch universities from the public good knowledge/learning regime toward prevailing in market-like competitions. While no two cases or countries are alike, these chapters nonetheless share underlying themes. All highlight the growth of managerial capacity, including authority and commitment to compete to raise the status of the institutions, and chronicle these managers' exploitation of the openings provided by the neoliberal state to increase competitive advantage relative to other nation-states.

Susan Wright argues in "The Imaginators of English University Reform" that the expansion of administrative authority alone cannot fully explain the transformation of English universities in recent years. Instead, she emphasizes the role of "imaginators" who bring together members of the corporate, non-profit and government sectors to plan futures for the university. She analyzes the work of the Vice-Chancellors' association, exemplified in "Universities UK" (2009), which by-passed parliamentary debate and engaged business consultants, such as Price Waterhouse Cooper (2010), to unbundle and outsource the charitable university. She calls the new model the "umbrella university," which continues to run its own activities but acquires branches and schools that are run in partnership with third parties that reap untaxed revenue from education and research endeavors.

In a case that has elements of Wright's narrative, Sondra Barringer and Sheila Slaughter compare public and private research universities trustees' connections to corporations in "University Trustees and the Entrepreneurial University: Inner Circles, Interlocks, and Exchanges." These authors find that private universities are much more tightly linked to Fortune 500 corporations than are publics. They then analyze exchanges between trustees, trustees' corporations and the universities of which they are stewards to reveal the flow of people, resources and prestige between environment and the most highly networked public (Pittsburgh, or "Pitt") and private (Massachusetts Institute of Technology, or "MIT") universities. The authors make the case that MIT trustees, faculty and administrators participated in a dense web of exchanges because trustees serve as channels between industry, academe, non-profits and government. The MIT community regards itself as part of a business cycle where corporate venture capitalists, who are also frequently MIT graduates and donors, underwrite their research, thereby providing opportunities for start-up companies and other high technology for-profit endeavors. The resulting alumni career networks then return funds to MIT in myriad ways, ranging from donations to departmental sponsorships. In contrast, Pitt has a small group of "super-trustees," whose work largely supports and enhances that of senior management, through activities such as fund-raising and foundation oversight. Unlike MIT, Pitt's trustees represent corporations that are likely to be local or regional, and are most heavily invested in finance rather than science and technology endeavors. As in Wright's chapter, this suggests that the growing stratification observed in the chapters of section one may reflect changing managerial capacities and governance regimes.

In "The New 'Prudent Man'" Brendan Cantwell argues that, in the US, endowment management is now a form of financial-academic capitalism through which

universities engage in market activities to generate profit in order to secure advantage over competitor institutions by amassing wealth, which in turn is associated with prestige and status. He tracks the changes through the abandonment of the “prudent man” principle, which historically guided non-profit endowment investment toward safe and steady returns. By the 1990s, trustees, senior management, fund raisers and university investment corporations had taken advantage of a lax regulatory climate to pursue high risk, high return investments in alternative assets, a strategy from whose consequences they were somewhat protected by university non-profit status. Wealthy private universities were in a position to gain most in this game. Ultimately, Cantwell sees these changes in endowment management as contributing to the steep and persistent stratification that characterizes higher education in the U.S., which was described in the previous section.

Gaye Tuchman’s “Accountability Regimes in Flagship Universities” draws on her work at US “Wannabe University.” In this chapter, she focuses on that University’s business plan, a managerial tool borrowed from the corporate world and shared by the president with trustees and donors. Tuchman sees the business plan as an accountability regime that is presented as value-neutral but functions as a system-wide expression of the values of the administration. The business plan is central to the administration’s competitive strategy to rise in rankings, and increasingly calls for growing numbers of administrators to monitor faculty and make judgments about the value of programs and departments. In other words, it constitutes an ongoing audit. Such actions are undertaken in the name of excellence, which remains elusive.

Students, curriculum and faculty. This section examines the ways in which students, curricula, and tuition policies intersect and shape stratification patterns and quasi-market endeavor. In “Curriculum Trends in European Higher Education,” Berit Karseth and Tone Dyrdal Solbrekke compare Humboldtian principles to EU policies in a rich document analysis. They illustrate the ways in which EU curriculum discourse advocates a shift from a content-based approach to a learning outcome approach because the former is seen as outmoded, possessing limited relevance to students’ interests and the requirements of the labor market. They see the building blocks of the European Higher Education Area, such as qualifications frameworks and measurable learning outcomes, as introducing planning procedures that shift curriculum toward an instrumental approach based on a strong utilitarian ethos. All told, the curriculum reform initiatives are embedded in a new architecture that implies more direct control over curriculum content and assessment by policymakers.

Jennifer Olson explores changes in German higher education in “Shifts in the Logic of Internationalization.” In her account, market logics have been layered over public good logics in German universities. Competition-based narratives flow from policymakers rather than from market-like structures. Olson casts federal actors as influenced by EU scripts about competitions for the “best brains,” which will in turn lead to the most robust, knowledge intensive economies. She examines the German federal coordinating agencies responsible for overseeing and supporting university

recruitment of international students to Germany rather than to particular German universities. Universities in turn gain status, and in many ways begin to reconceptualize “internationalization” as a competitive market-like space through small changes scripted by federal coordinating agencies.

Judith Walker’s “Stratification and Vocationalization in Canadian Higher Education” tracks the apparent contradiction between that country’s dual focus on high technology research and an extraction-based economy. As in several other national systems, the Canadian case highlights the role of interstitial bodies of educational and government actors in shaping the trajectory of university activities. The result is a system that is simultaneously over-extended and under-resourced.

Growing stratification engenders instability in social positions, and so creates anxiety among students and parents who are concerned about securing admission to desirable colleges and universities. These tensions are clearly manifest in Lois Weis’ “Positioning for Elite and Quasi-elite Colleges and Universities in the United States.” Weis argues that increased income inequality and uncertainty about what the future holds for upper middle class children has made the “college admissions arms race” an all-consuming experience. Through a rich ethnography, she traces how parents and students engage with expensive preparatory schools in what they see as “all or nothing competition” to matriculate at a relatively small number of highly selective, mostly private, colleges and universities. These largely professional parents are willing to spend time and money managing their children’s multiple applications, coaching them to take up internships, paying for extra exam prep classes, hiring outside counselors, and taking them on many college visits. As these students increasingly fill slots in the desired schools, lower middle class or low-income students, unable to draw on the same support systems, are less likely to be competitive.

Countertrends. Although the majority of this volume’s contributors see the academic capitalist knowledge/learning regime as strengthening, others disagree, or see countertrends and new patterns. There is no unified pattern with regard to alternatives. Some states, many of them in the Nordic countries, are wealthy and socially democratic. These states tend to be committed to well supported, free, and relatively unstratified higher education. The experience is different elsewhere. Following the end of Socialism, Poland aggressively developed a private higher education sector, which is now markedly diminished due to the decline in college age population. This has created opportunities for re-publicization of the university system. In the United States, competition for scarce social positions has long been considered part of education (Labaree 1997) and demographics foster enrollment growth rather than decline (Heller 2001). Counter-trends therefore assume different forms in the US, and are most clearly observed outside the confines of the formal pluralist state in civil society organizations such as social movements and labor unions.

Romulo Pinheiro, in “Humboldt meets Schumpeter?,” draws on Burton Clark to make the case that European universities can embrace elements of entrepreneurialism—indeed, be stimulated by its “creative destruction”—while retaining core values important in their national context. Pinheiro cites the example

of universities in Northern Europe that have an entrepreneurial ethos but retain reservations about commercial exploitation of academic knowledge. He further notes that, in the Nordic countries, universities have an ethos of egalitarianism that leads to contestation of meritocratic competition, particularly at the level of the faculty.

Marek Kwiek, in “From Privatization (of the Expansion Era) to De-Privatization (of the Contraction Era),” makes the case that Poland illustrates dramatically changing public–private dynamics. After the fall of Socialism, Polish higher education massified very rapidly, with the greatest growth occurring in fees-paying private higher education; indeed, the system had the highest private sector enrolments in Europe. The public sector also expanded, and was free to many full-time students, although increasing numbers of part-time enrollees paid fees. Driven by current and projected future demographic decline in the college age population, substantial numbers of private universities—never as academically strong as the public—have closed. Public universities are absorbing a larger share of enrolments, often as full time students who do not pay fees, a feat made possible primarily by the decline in the total number of traditionally college-aged students. Whether public universities can increase their research capacity and whether the state will continue to fully fund students are open questions, but certainly Poland offers an alternative to increasing reliance on cost-sharing mechanisms and private universities characteristic of many other countries reviewed in this book.

Finally, Brian Pusser’s “A State Theoretical Approach to Understanding Contest in Higher Education” argues that resistance is not merely localized to countries with particular cultural traditions or demographic conditions. Rather, he posits, resistance can be found within any national system, even the highly marketized US, if scholars will extend their understanding of the “state” beyond a narrow conception of formal, pluralist mechanisms. In Pusser’s account, contests over the mission and practices of higher education may be found in a variety of civil society organizations including the “Occupy” movement and its concern over student loan debt, labor unions interested in reclassifying student athletes as employees and collectively bargaining on their behalf, and student support for the Development, Relief, and Education for Alien Minors (DREAM) Act. A lack of attention to these sites of resistance, he contends, risks over-stating (and thereby legitimating) the hegemony of neoliberalism,

These countertrends remind us that the academic capitalist knowledge/learning regime did not wholly displace the public good knowledge/learning regime. Academic capitalism is layered over notions of public good, capturing some segments of universities but not penetrating others. Just as neoliberalism created the context for academic capitalism, shifts in contexts can make space for alternatives. At the same time, we maintain that higher education systems in the US, EU, and Canada are unlikely to return to the public good knowledge/learning regime, which, after all, was neither an ivory tower nor a place where democracy’s colleges flourished. Goals of individual mobility and competitive advantage have coexisted with more egalitarian motives for decades if not longer (Labaree 1997). While the essays

in sections one, two, and three document the strengthening of these forces relative to public-facing goals, those in chapter four remind us that older forms of organizing and governing higher education remain viable. Indeed, the chapters in this concluding section remind us that contexts themselves can change quickly, often rising from contests and conflict outside of higher education such as social movements (Rojas 2012; Taylor, [in press](#)). We, as actors within the field of higher education, will have to decide how to intersect changing contexts in a manner that both embodies the university's ideals and provides sustainable footing in national systems that have proven inhospitable to those ideals in recent decades.

References

- Bastedo, M. N., & Bowman, N. A. (2011). College rankings as an interorganizational dependency: Establishing the foundation for strategic and institutional accounts. *Research in Higher Education*, 52(1), 3–23.
- Becker, G. S. (1962). Investment in human capital: A theoretical analysis. *Journal of Political Economy*, 70, 9–49.
- Bowen, H. R. (1980). *The cost of higher education*. San Francisco: Jossey-Bass.
- Cantwell, B., & Taylor, B. J. (2013). Global status, inter-institutional stratification, and organizational segmentation: A time-dynamic Tobit analysis of ARWU position among US universities. *Minerva*, 51(2), 195–223.
- Cantwell, B., & Taylor, B. J. (2015). The rise of the postdoctorate and the restructuring of academic research. *The Journal of Higher Education*, 86(5).
- Fourcade, M., & Khurana, R. (2013). From social control to financial economics: The linked ecologies of economics and business in twentieth century America. *Theory and Society*, 42, 121–159.
- Grewal, D. S., & Purdy, J. S. (2014). Introduction: Law and neoliberalism. *Law and Contemporary Problems, Forthcoming; Yale Law School, Public Law Research Paper #313*. Available at: <http://ssrn.com/abstract=2341068>
- Heller, D. E. (2001). Trends in the affordability of public colleges and universities: The contradiction of increasing prices and increasing enrollment. In D. E. Heller (Ed.), *The states and public higher education policy* (pp. 11–38). Baltimore: The Johns Hopkins University Press.
- Labaree, D. F. (1997). Public goods, private goods: The American struggle over educational goals. *American Educational Research Journal*, 34(1), 39–81.
- Mettler, S. (2011). *The submerged state*. Chicago: University of Chicago Press.
- Piketty, T. (2014). *Capital in the twenty-first century*. Cambridge, MA: Belknap.
- Pusser, B., & Marginson, S. (2012). The elephant in the room: Power, politics, and global rankings in higher education. In M. Bastedo (Ed.), *The organization of higher education* (pp. 86–118). Baltimore: The Johns Hopkins University Press.
- Pusser, B., & Marginson, S. (2013). University rankings in critical perspective. *Journal of Higher Education*, 84(4), 544–568.
- Rojas, F. (2012). Social movements and the university. In M. N. Bastedo (Ed.), *The organization of higher education: Managing colleges for a new era* (p. 256). Baltimore: The Johns Hopkins University Press.
- Rosinger, K. O., Taylor, B. J., Coco, L., & Slaughter, S. (in press). Organizational segmentation and the prestige economy: Deprofessionalization in high- and low-resource departments. *The Journal of Higher Education*.
- Slaughter, S., & Cantwell, B. (2012). Transatlantic moves to the market. *Higher Education*, 63(5), 583–606.

- Slaughter, S., & Leslie, L. (1997). *Academic capitalism: Politics, policies, and the entrepreneurial university*. Baltimore: Johns Hopkins University Press.
- Slaughter, S., & Rhoades, G. (2004). *Academic capitalism and the new economy: Markets, state, and higher education*. Baltimore: John Hopkins University Press.
- Slaughter, S., Taylor, B. J., & Rosinger, K. O. (2015). A critical reframing of human capital theory in higher education. In A. M. Martinez-Aleman, E. M. Bensimon, & B. Pusser (Eds.), *Critical approaches to the study of higher education* (pp. 80–102). Baltimore: The Johns Hopkins University Press.
- Taylor, B. J. (in press). Strategic action fields in US higher education: The 1939 Mercer University heresy trial. *Journal of Historical Sociology*. doi: [10.1111/johs.12084](https://doi.org/10.1111/johs.12084)
- Taylor, B. J., & Cantwell, B. (2015). Global competition, US research universities, and international doctoral education: Growth and consolidation of an organizational field. *Research in Higher Education*, 56(5), 411–441.
- Taylor, B. J., Cantwell, B., & Slaughter, S. (2013). Quasi-markets in US higher education: Humanities emphasis and institutional revenues. *Journal of Higher Education*, 84(5), 675–707.