

Public Goods, Democracy, and Public Universities



In this section of the book our focus is the uneven and often incoherent approaches to universities in the (supposed) light of market economics. This topic is difficult because economic concepts are invoked and distorted by people on all sides. A key function of this section is to clear away some of this underbrush so it is possible to think more systematically about what economics has to do with universities. Economic analysis is relevant but methodologically and theoretically meaningful economic analysis, not invocations of pseudo-markets and pseudo-corporatization as ideological weapons.¹ There are serious economic problems with the way universities operate. They are not addressed by careless or intentionally distorted manipulation of economic concepts and evidence.

A key element in our analysis is understanding public universities as a public good. We show how the concept of public goods is actually argued from a neoclassical economic perspective. We emphasize the neoclassical economic perspective here, not because it matches our preferences for analyzing the political economy of universities but because contemporary discussions of the “business model” and “corporatization” of universities have converted simulacra of neoclassical economic analysis into revealed truths. We show that the actual deployment of neoclassical economic perspectives contradicts neoliberal ideologies and practices in higher education. This matters because neoliberals masquerade as economic analysts to support an authoritarian, hierarchical view of society. They use models that serve the interests of global elites and their local representatives. These obfuscations also prevent public universities from addressing the real economic challenges they face. Substituting pseudo-accountability and ranking for reflection on the serious allocation decisions they must make and that a genuine economic analysis would require permits authoritarian administrators and policymakers to do as they please and cover their tracks (or even confuse themselves) with false economic arguments.

The Neoliberal Construction of Higher Education

The first problem in analyzing the economics of higher education is figuring out which institutions we are actually talking about. Current debates on the future of public higher education tend to refer to higher education in abstract, generic terms without always distinguishing among the multiple types of higher education institutions existing everywhere. Doing this is already an ideological move as well as an analytical non-starter. There are community colleges, for-profit colleges and universities, vocational schools, liberal arts colleges, regional colleges, private universities, flagship public universities, land-grant universities, state university and college systems, and national public university systems in Europe. Failing to distinguish among them is an analytical and strategic error because homogenizing them produces analyses and reform proposals that confuse the part with the whole and that ignore the key differences among these types of institutions. It also overshadows their analytically relevant commonalities.

Currently, dominant policy models homogenize public institutions, including public education. These policy models ideologically reconstruct the public sector as a set of market-driven service organizations that are supposed to deal with clients (i.e., the public that pays the taxes and fees to support them) by means of putatively market rational allocation of resources and by administrative efficiency and transparency.

This ideological fantasy looks nothing like observable reality. The neoliberals use the failure of reality to match their market fantasies as a justification to lay waste to public sector institutions. Among other things, this neoliberal construction of higher education denies the unique functions and institutional logics of not-for-profit and public organizations in general and undermines the public goods creation essential to public higher education in any democratic society.

The obliteration of public goods is evident in all sectors subject to the “new public management” (Behn 2001) and has deeply compromised the institutions of public higher education along with most other institutions that provide public goods (e.g., utilities, healthcare). Public resources are stripped from these institutions and used to enrich global financial elites. The goal is nothing less than the destruction of all the social democratic gains made since the Second World War.

This “marketizing” and homogenization is accomplished by invoking but not applying neoclassical economic theory and methods to public higher education. It trades on the, to us dubious, scientific legitimacy of neoclassical economic theory and analysis. Rather than being about

economic choice and rationality as they claim, these policy efforts focus on undermining both the social and educational functions and the institutional autonomy of public higher education to further consolidate the political and financial hegemony of global elites.

These are bold claims, and to support the contention that neoliberalism is a purely ideological distortion of neoclassical economic theory, it is necessary to make a brief foray into the fundamentals of neoclassical economic theory and generations of research in economic anthropology.

Neoclassical economics is an elegant theory of allocation driven by a small set of operating assumptions. The first assumption is that human beings universally have wants that exceed the resources they have to meet them, an assumption generations of anthropological research have called into question (Polanyi 1944; Sahlin 1972).

These supposedly endless wants are not all equally important and thus they are hierarchically ranked so that some receive a higher priority than others. Humans then must allocate their resources to satisfy their wants, resources gathered either by directly creating them with their own labor, through exchange, or through other means of accumulation. In satisfying our wants, we supposedly wish to expend the smallest possible amount of our resources to acquire the largest amount of goods and services that satisfy our most highly ranked wants. That is, we must engage in allocating scarce means among alternative, hierarchically ranked ends. Since suppliers also are attempting to maximize their incomes, they want to sell their goods and services at the highest price possible and spend the resulting income to acquire those things that they value most. Thus the whole system is built on chains of inter-related decisions among putatively rational, perfectly informed actors. Each of the actors is maximizing their gains in competition with each other to get the best personal outcomes (Marshall [1890] 1920; Robbins [1932] 1937).

Valid critiques of the realism and details of this theoretical model abound. They have been available for decades and are ignored by the neoliberals and their policy operators. Still, even neoclassical economists agree that, no matter how it is framed, there is nothing in this theory of allocation that determines which ends will be ranked highest. Thus different actors will not necessarily rank their ends in the same ways. In addition, the marginal utilities that various actors realize from these transactions are not easily commensurable.²

A genuine application of neoclassical economic theory to public higher education necessarily would have to start with the way purchasers and sellers of public higher education define and rank the ends they

associate with higher education. Whether or not it is acceptable to call consumers of higher education “students” or “customers” (an important issue that we will come back to later) does not matter as much as recognizing that the first step in doing an economic analysis of public higher education is to figure out what those who pay for it value about it. What other things they are willing to forego to access public higher education, what those who fund it through taxes value about it, what components the faculty and students in these institutions value, and how those elements are ranked and transacted in relation to each other are necessary data for using such a model. We would need similar information about the providers of higher education as well.

The complexity of the interactions among the supply and demand crowds, each with their hierarchies of wants, their different interests, their different resource endowments, and the different marginal utilities for the things they can “buy” with their goods, is obvious. Further, we know how imperfect the information all the actors use actually is and how heavily decisions are affected by non-rational elements. Trying to reduce this complexity to a simple calculus is a fool’s errand. But clearly there is a sufficient supply of people willing to keep this fiction going.

For the neoliberal construction to be reasonable, the following conditions have to be met: all students are only seeking high paying jobs through education; all non-student university customers are seeking high value research and development work at the lowest price; all faculty want the highest salaries for the least amount of work; and the sellers of higher education are also rationally motivated. Further, it must be assumed that transparency and accountability will be complete, so that perfect information can inform economic maximizing decisions by all actors; that the rationalities of the supply and demand crowds will match up; and that public higher education institutions will be forced by consumer demand to provide precisely what the consumers want at the lowest possible cost and in the most efficient way and nothing else. If this scenario is persuasive to you, this book will not make sense to you. Versions of this tale guide a great many higher education policy prescriptions and administrative strategies. Competent neoclassical economic analytical thinking is in short supply at many universities and in most branches of government.

Among the many missing elements in the neoliberal construction is whether or not what the student “customers” will want and get will turn out to be an “education” in any meaningful sense of the word. Nor is it clear what kind of research and development non-student consumers are trying to purchase and whether or not universities are positioned

to provide this at the lowest possible price. No clarity is presented about faculty motivations in teaching and conducting research. Instead, the empirical gaps are filled in with negative and positive stereotypes to make this construction work.

Another manipulation common to this neoliberal scheme conflates minimizing costs with achieving efficiency. It is easy to show that what is low cost and what is efficient are rarely identical, particularly when the time perspective is added and the sustainability of particular strategies is taken into account. Such a conflation is simply wrong. Yet arguments abound claiming that what is “efficient” according to neoliberal political and social ideas is market rational.

There is a deeper theoretical and mathematical problem that goes beyond the foregoing problems. There is no theoretical justification for combining students and non-student consumers into groups with a homogeneous set of preference scales. There is no reason to assume the preferences of the university demand and supply crowds are homogeneous, just as it would make little sense for any other categories of actors. The first step in speaking about “students” in the neoliberal scheme is to improperly homogenize the stakeholder groups by asserting that stakeholder groups each have a collective preference scale (Elster and Roemer 1993). Vaulting over this analytical mistake, neoliberals then proceed to examine how institutional behavior responds, rationally or not, to their fictitious homogenized preference scales. Put more baldly, they fabricate the preference scales and then pretend that institutional behavior either satisfies them or fails to satisfy them. Where institutions fail to meet these imagined preference scales, public universities are then subjected to neoliberal reforms.

Economic theorists have long known that combining interpersonal utilities is mathematically and conceptually dubious and thus scientifically uncertain (Elster and Roemer 1993). While there is a great deal of work on this subject, the mathematical difficulties of comparing individually created preference scales responsive to different resource endowments, values, and contexts was demonstrated clearly years ago but is ignored in the bulk of economic analyses in higher education, regardless of the analysts’ ideological commitments.

To hide this problem, both neoclassical and neoliberal exponents of reform export their own preferences scales to fill in the blanks in the combined utilities of the actors. This means that, prior to the analysis, the analysts have already imposed their own preferences (including their politics and ethics) on what is presented, but portray it as if it were a simple objective calculation. In the case of higher education, the

ideological preferences of the analysts are converted into the goals that universities have to meet or, more commonly, that they fail to meet. Since universities fail to meet these imposed goals, the analysts and policymakers feel justified in imposing their preferred political control systems and organizational models on universities to force compliance with their ideological vision. All of this is carried out under the veil of supposedly objective quantitative analysis.

Typically, this ideological strategy emphasizes the preferences of one group (usually students or the private sector). It ignores the preferences of the faculty, staff, community members, taxpayers, and other stakeholders. We searched in vain for books that balance the interests and wants of all the stakeholders in universities. Analyzing universities this way actually discourages serious empirical study of what diverse and complex student constituencies actually want and what diverse faculties do and do not want. Also ignored are the diverse and often divergent goals of administrations and policymakers, the wants and interests of community members, and the complex and dynamic structures of the research and development and employment markets. The neoliberal operators and their administrative enablers already “know” what people should want and punish them when they don’t conform.

These points could be considered elementary in neoclassical economics and yet they rarely are taken into account in policy actions or policy critiques regarding public higher education. In place of a solid theoretical and empirical grounding, ideological notions of transparency, efficiency, and consumer choice are recommended as the solvent to banish irrationality from the system, protect the public from the selfishness of faculty and administrators and from the fecklessness of students, and to stop the waste of public funds on the middle and working classes. All the while, these operations hide the ideological agendas of the analysts.

Operating this way ignores the key requirement of any economic analysis to define the ends to be met, their relative priorities, and the complex mix of supply and demand crowds with their dynamic, diverse, and perhaps inconsistent or incompatible preferences. When economic analyses are done seriously and these fundamental violations of economic theory and method are avoided, the resulting conclusions are much more complex and differentiated (see Ehrenberg 1997, 2007; McMahan 2009; McGettigan 2013). Not surprisingly, the neoliberal solutions turn out not to be solutions at all but a significant part of the problem. The neoliberals are the ones who must be held to account.

To return to our point of departure, when these neoliberal operations dominate the scene, democratic debate about the multiple missions of

public higher education is shut down. The unexamined and ill-defined ends are taken for granted and institutions are simply held accountable for meeting them by the “authorities.” Such operations reinforce current behavior and organizational structures, are inherently backward looking, oversimplify institutional missions, and consolidate administrative power at the expense of everything else. The results are predictably negative and fundamentally anti-democratic both in terms of university operations and in terms of a key institution’s contribution to the promotion of a democratic civil society.

In this context, many institutional leaders support the neoliberal accountability scheme by trying to spin their numbers to look good or using external accountability demands as a way of consolidating their own authority over internal constituencies. Others turn themselves and their institutions upside down trying to meet these externally imposed demands and act in ways that nullify or entirely shut down discussion about the potentially unique missions and situations of their institutions. Still others count on their institutional reputations and wealth to overcome any problems with their numbers. The overall scene involves pseudo-compliance or naïve compliance to imposed, irrational objectives. These circumstances often bring out the worst in institutions and have been central to the radical decline of public universities.

For these reasons, we highlight the resulting absence of substantive discussion of the meaning and ends of public higher education on campuses, in state governments, and in national and international arenas on the right, in the center, or on the left. Taking for granted that everyone knows and accepts the missions of public higher education kills democratic debate in its tracks. Engaging in the complex and demanding multi-party dialogues between students, faculty, staff, administrations, legislators, policymakers, and other funders about the missions and evolving contemporary meanings of public higher education is long overdue and is an essential, if disappearing, feature of healthy democratic societies.

Rather than confronting this challenge, the majority of critical authors produce denunciations from all positions on the political spectrum (see Soley 1995; Shumar 1997; Kirp 2003; Giroux and Giroux 2004; Washburn 2005; Schrecker 2010; Arum and Roska 2011; and Ginsberg 2011 for a sample of these works). Few arenas for meaningful discussion of these issues exist. Their absence on campuses, in state and national governments, in philanthropic organizations, in national organizations like the American Council on Education, or in international agencies

shows how far neoliberalism has managed to undermine the operations of civil society.

This does not mean that such arenas are unnecessary. In case anyone is confused by our broadside against neoliberalism, we strongly favor holding all stakeholders in democratic societies to account regarding important social decisions, but we argue it is not possible to establish democratic accountability processes without first holding democratic deliberations about what institutions should be accountable for. When accountability is measured unilaterally by the power holders and not by collaboratively generated community standards, then accountability it is an exercise in coercion and cooptation.

Diverse student bodies and their families have a significant part of the information about what they want, need, and can afford. Graduates who have been out of the system for a while have their work lives and personal experiences to share about the value, relevance, and failures of their prior education. Faculty members, old and young, male and female, minority and majority have relevant information about the quality of their working lives, the organizational pluses and minuses they deal with, the pressures they struggle with, the goals and hopes they have, etc. Staff members who execute administrative plans have an ample supply of information about the organizational failures and successes of systems imposed on them that do or do not work as planned and make them more or less productive. Administrators are rarely asked to go beyond meeting short-term management objectives to think and talk seriously about what they value, what they hope for, what they are frustrated by, and what changes they feel are necessary. And so it goes, upward to state and national governments, foundations, and international agencies. The absence of substantive, democratic, non-adversarial dialogues about these matters leaves the definition of the missions of public universities in the hands of the neoliberals and their accountants.³

Modeling the Goals of Public Higher Education

In the light of the above discussion, it is clear that all institutions of higher education have to engage in a selection among the many dimensions of their activities, weighing and programming them into actionable future plans that include budgets, recruitment, retention, physical plant improvements, etc. How social mobility, access, job preparation, technical training, research training, civic formation, public service and to whom, the conservation of knowledge, and the rest fit together is an institutional decision, not a universal formula-driven plan. These

allocation decisions involve balancing multiple ends. They include the development of organizational structures and management systems to support these choices, the evaluation of success and failure at meeting them, and summing the activities into an overall understanding of the direction of the institutions. These choices must be intelligible to those who work there, study there, support the institution, and regulate its operations. Attempting to rank such institutions on a national or world-wide scale, given these different mixes, is meaningless. Obviously, this does not prevent such ranking from being widely practiced. University administrators and political authorities (and some faculty and students) are constantly concerned with the position of their institutions in the national and international rankings.

Product Mix, Factor Proportions, and Distribution of Product

One way to conceptualize these choices in neoclassical economic terms is by analyzing them in terms of the basic questions addressed in economic analyses: product mix, factor proportions, and distribution of product. Deciding the product mix institutionally is essential to any kind of economic planning and academic policy. What should we do and how much of each thing we should do are key decisions. Once those decisions are made, how the production is to be done requires another kind of allocation choice. Given what we produce, what is our best way to do it? More labor intensive, less labor intensive, with permanent staff, with contract staff, with what kind of facilities, etc.? Finally, we must allocate our efforts among the possible users, in this case the students, the various parts of the academic community, the private sector, and the public sector. What mix, how it is created, and for whom it is created are questions now often answered by unilateral administrative action without significant consultation with the affected internal and external stakeholders who have a legitimate interest in these choices.

The near absence of thoughtful and inclusive discussions of these basic economic matters on campuses and in policy environments is striking. Instead, much of the literature and the policy prescriptions implicitly claim that the key allocation decisions in public higher education have already been made. The assumption then is that institutions can be neatly organized to meet these known goals and that the only problem is how to be more “rational” in allocating resources to these known ends. In the absence of complex and yet potentially fruitful discussions, the result of closing down such discussions has been the vocationalization (the conversion of a broad concept of educating persons

into job training) of public university education and the commercialization of public university research.

The lack of attention to these larger matters is not neutral nor is it an oversight because many interests are arrayed to keep these discussions from taking place. Still it should now be obvious that in each type of higher education institution, these fundamental economic choices will differ because the missions of these institutions also differ. We will return to this discussion in Chapter 2.

Public Goods and Private Goods

For the moment, leaving aside the pseudo-economics of neoliberalism and the real complexities of allocation decisions universities must make, there are inherent difficulties in the economic analysis of institutions like universities. Among the key difficulties in approaching this subject are the inherent ambiguities surrounding of the economic concepts of public and private goods. The scope of these dilemmas is masterfully laid out in Raymond Geuss' philosophical treatise *Public Goods, Private Goods* (Geuss 2001).

Geuss argues that the current distinctions between public and private goods are both confused and ideologically inflected. Though there now is now a broad literature on public choice and public accountability, the technical history of neoclassical economics' development of the concept of public goods is not very long. What is generally accepted to be the key formulation was made by Paul Samuelson in 1954 in an article "The Pure Theory of Public Expenditure" where he coined the term a "collective consumption good" (Samuelson 1954). For him, the defining features of public goods were "non-excludability" and "non-rivalrous consumption." Basically this means that public goods are those that no one can be prevented from consuming and whose consumption does not reduce the supply available.

Before we move to the history of deployment of the notions of public and private goods in higher education, we want to pause briefly over what is perhaps the most comprehensive and impressive book linked to this subject, Walter McMahon's *Higher Learning, Greater Good: The Private and Social Benefits of Higher Education* (2009). McMahon, a senior economist of education, takes a neoclassical line of argument in his book. He shows clear admiration for the market fundamentalism of Gary Becker and for social capital theory in general. In other words, he is a devotee of the rational choice model of economic behavior and believes that this model can apply very broadly. Given this background,

one might think McMahon would not be a good traveling companion for the present authors. That is not the case.

What makes McMahon's book uniquely interesting to us is that his rational choice position, generally associated with a conservative conceptualization of social systems, does not take him to the neoliberal position. Rather he argues that to take the numbers seriously means to count all the private benefits accruing to individuals who get a higher education (something that few analysts in educational economics have done) as well as the public benefits emanating from their subsequent behavior in society. He also insists on a methodologically and empirically demanding analysis of the "public" benefits of higher education, including better health, more participation in the operations of democratic society, more volunteerism, and others. When he makes these calculations, he finds that the public benefits of higher education have been drastically underestimated and understated. In other words, the justifications for decreasing public expenditures on higher education are both wrong and economically irrational, leading to a general undermining of the economic competitiveness of our society. McMahon's argument does not center on an ideological preference for public goods but on an economic calculation of the value of the private and public goods created by higher education and what he believes ought to be the rational policy consequences of these calculations. His views are not good news for those trying to further undercut public investment in higher education on the false grounds of neoclassical economic rationality.

Thus far, we have presented a discussion about public and private goods, about the ambiguity of the concepts and the controversial economic consequences of some public goods, because arguments about higher education as a public good are an ideological centerpiece of both the neoliberal attack on higher education and the left and liberal defenses of the value of such an education. Since at least the Thatcher era of the 1980s in the U.K., public higher education has been under an all-out neoliberal attack as inefficient, opaque, and unaccountable. The constant repetition of this litany of faults has, as often is the case, gradually created a public understanding that higher education is deeply flawed and highly suspect.

For neoliberals, a public good is simply a good that has yet to be properly privatized. A public good is also a good that is inefficiently allocated, since they claim without justification that the market for public goods does not discipline their distribution and consumption. Private goods, by contrast, are supposedly always disciplined by the market and, therefore (a false syllogism) rationally allocated. Finally, what is

private is regulated by the market and any form of regulation that is not driven by the market is dismissed as a form of “socialism.”

These fallacious positions have enormous traction in Europe and the U.S. where they have gradually garnered bipartisan support at the EU level, the national level, and (in the United States) at the state government level. This explains why we spent effort on a theoretical discussion of public goods. Nothing in the neoliberal position bears an analytical relationship to the complex meanings of public and private goods and their value in higher education. Nothing in that position acknowledges the difficulty of making a hard distinction between the public and the private. Nothing they do shows an understanding of the institutional missions and organizational structures that make it absurd to affirm that every single actor and unit should be a “tub on its own bottom” facing its internal and external market demands directly.

This is a serious problem because universities, public or private, both produce and rely on public goods for their very survival. Not all faculty, departments, or activities pay for themselves nor could they. Innovative basic research is rarely funded externally. Having a great research library used only by a fraction of the faculty and students is a public good that is hardly fully utilized in a neoliberal sense. Yet basic research facilities, libraries, and a host of faculty experts in fields for which there is currently low demand and not necessarily an immediate use is essential to university survival and knowledge development. Having this kind of supposedly excess capacity is key to innovation, research and development, thinking outside of the box, and ultimately to university sustainability. It generates inefficiency from the neoliberal point of view but is essential to the trans-generational survival of research, universities, and of democracy itself. Trying to solve the puzzle of paying for and supporting the creation of public goods with simpleminded rational choice models is not only hopeless, it has destroyed public universities as institutions.

Here are some of the kinds of dilemmas that emerge. If a university requires a heating system and a security force to operate, are these legitimately public goods? If so, how are the costs of having them to be allocated? Should the creative writing program pay the same cost per faculty, staff, or student for these services as the nanofabrication laboratory with significant grants and patent income? If some of the professional schools within a university collect their own tuitions and therefore pay the university rents and utilities for the use of university facilities, how should these payments be set? On a per capita consumption basis? On the basis of the amount of profits shared with the

central university budget after costs are deducted? If the department of economics has four times as many students per faculty member as the department of religion, but both of their tuitions go directly into the coffers of their college administration, should economics pay four times as much for the public goods or one fourth of the amount the department of religion pays? Who should pay for the departmental, college, and university administrative staff and how much?

These questions can be multiplied easily. The answers can be calculated, but only after decisions about the kind of institution and the systems of internal distribution that should characterize it have been made. In the real world, heterogeneous, historically conditioned, and politically charged patterns of allocations generally exist. They persist from year to year in which some things that don't pay for themselves receive subsidies from other activities that generate supposed surpluses. These redistributions are based affirming that these subsidized activities are necessary to the existence of the institution as a "university" that must have a requisite complement of departments and disciplines represented. Certainly saying that those who receive the redistribution are "public goods" welfare beneficiaries and those who lose in the redistribution are "private goods" losers is a non-starter. Taking the same argument down to the levels of popular and less popular subdisciplines within departments falls prey to the same problems of analysis and institutional solidarity.

Whatever else the public and private goods distinction might be useful for, it is not useful for day-to-day operational decisions about allocations within a university economy according to rational choice logics. This directly undercuts the neoliberal logic of a perfect higher education system in which every individual in every unit of every institution is disciplined by the "market" to produce whatever it is they produce in the most efficient manner possible. The overall system's structure is the direct result of the full play of market forces driven by the demands of student, private sector, and governmental "customers" who pay for the services.

Why Focus on Public Universities?

We have chosen to focus attention on public universities because, after the Second World War, they became a dominant arena for social mobility in the U.S. and Europe, fueled by the expansion of higher education to include a much broader social spectrum. These universities once were major creators of knowledge through research and scholarship as

well and were the envy of the world for a number of generations. Now there is a consensus among liberals, conservatives, and radicals that the public university system in North America is collapsing and that the public systems in Europe may indeed be in the vanguard in leading the downward spiral (Soley 1995; Lucas 1996; Ehrenberg 1997, 2007; Caanan and Shumar 2008; Garland 2009; Hill 2009; Cole 2010; Newfield 2011; McGettigan 2013; Guinier 2015).

These universities are public because they bring new generations of working- and middle-class people into productive and pivotal roles in our societies, and because they used to engage, at least to some degree, in research and service of benefit to the public in their states and nations. Because of this, their decline has considerable social, economic and political importance. It directly impacts democracy through limiting the possibility for social mobility and thereby the opportunity for students not born with a backpack filled with money to aspire to an improved social position. Instead, the decline of public universities re-concentrates social control and resources in the hand of global political and financial elites.

The ongoing conversion of public universities into vocational training schools deepens the divide between the powerful and their subjects and aims to convert public university students into an indebted, university-educated new proletariat and the faculty into fee-for-service trainers rather than educators. Put another way, we see in the decline of public universities the educational expression of the growing global gap between rich and the rest, aided by the neoliberal economists and policy analysts who work for governments, the financial industry, the International Monetary Fund, the World Bank, and other global players (Graeber 2011). These self-interested operators claim all these changes are the rational outcome of the workings of the “free market.”

Democratic Institutions Create Democratic Actors

Some graduates from universities take on important positions in the public or private sector, and how they have been educated matters to society at large. Those who end up in middle-management positions in organizations are in positions where their ability to work in teams, to show initiative, to write synthetically, etc., is understood to count for a great deal. However, with the international consolidation of global economic elites, such employment is now no longer guaranteed to public university graduates and they cannot count on achieving senior leadership positions. There is a clear correlation between this and the new

higher education ideologies that frame the majority of public university graduates as workers in the “knowledge society of the twenty-first century.” They are, in effect, a new proletariat. Yet even if leadership positions are now nearly foreclosed for many graduates, employment in organizations where teams work on projects and where collaborative skills and initiative are required is increasingly common. The disconnection between the student as an individualistic consumer of higher education and the employed graduate as a practiced collaborator in organizations is becoming evident.

Team-based organizations are now commonplace in the private and public sectors. To prepare students for successful participation in team-based organizations that are dynamic and to meet changing demands on employees, public universities cannot limit themselves to individualistic technical training. They have to provide training in leadership, team membership, group processing of complex problems, knowledge acquisition in new areas, and so on, for their graduates to operate successfully in most organizations. Of course, such training could also prepare them to play a constructive role in a democratic society.

A great deal stands in the way of doing this. The most serious problem is that this kind of education cannot be carried out in an institution whose internal structures and processes are a daily denial of democracy, collaboration, and teamwork. If students are expected to be democratically competent organizational actors and citizens, then they must be active participants in their own academic institutions. These institutions would have to operate through democratic structures and processes. Authoritarian universities cannot produce collaborative organizational members or democratic citizens.

This matters a great deal now in view of what is happening globally with democratic societies. The emergence of trends toward fascism once again (for example in Hungary, Poland), and proto-fascist elements appearing on the political scene in many other countries including the United States, it appears that humanely oriented democracies are under increasing threat. One counterweight to this is democratically-inspired and organized public higher education that reaffirms the values and practices that underpin democracy. Public universities treated as training camps for a new generation of corporate workers do nothing to counter this trend.

The challenges here are serious. For universities to be democratic in the above way requires a serious reevaluation of academic freedom, free speech, and integrity in research and teaching. Universities ultimately can only teach democracy by exhibiting it in their own institutional

structures and behavior. Doing this would be key to preserving and developing democracy in an ever more hostile global environment. The deteriorating state of democratic governments around the world correlates neatly with their neoliberal policies of higher education, citizen disaffection, increasing political corruption scandals, and the sale of a country's assets to the highest bidder. As Piketty (2014) argues, in the face of this, one of the most important investments a country can make is in public education. The virtues and value of free speech, academic freedom and integrity are never safe, as we will show in Chapter 4. They always have to be fought for, and now fighting for them is the only way to recreate democratically relevant public universities.

Notes

1. By this we mean to refer to the kinds of analyses that have been canonical in academic economics since Alfred Marshall's *Principles of Economics* ([1890] 1920) became the dominant text to be followed by Paul Samuelson's *Economics* (1948, and at least fifteen subsequent editions). Perhaps the most elegant and succinct statement of the neoclassical argument is Lionel Robbins, *Essay on the Nature and Significance of Economic Science* (Robbins [1932] 1937). Whatever one thinks of these works and their arguments, they have been the core of non-Marxist economic thought and analysis.
2. See Elster and Roemer (1993) for a portrait of the whole debate.
3. This is compatible with the argument of Ronald Barnett (2003) who argues that universities are not and should not aspire to be ideology-free. Rather, to use his term, they are "saturated" with ideology and the issue is to promote virtuous ideologies and suppress vicious ones.