

## **Theory To Practice**

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# ***Neoliberalism and the Role of the University***

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### **Abstract**

Neoliberalism, an economic philosophy that advocates for free trade, a decrease in government regulation, increased accountability, and a hierarchal government structure, has affected the structure of the university, its research, and its management. Neoliberalism has also affected the type of citizen now living in our nation. It is incumbent upon universities to educate a new type of citizen, one who has the complex skills needed for global competitiveness yet who understands his or her interdependence on the world and who works for justice and equality.

### **Introduction**

The world is continually changing and as it changes so does our idea of citizenship and the role that universities play in citizenship formation. As our nation was forming, education had an important role of habituating students to the duties and obligations of citizenship and passing on the norms and rules of society. According to Harland (2010) universities began to develop as the “critic and conscience” of the state (p. 85). During the Industrial Revolution, the need for skilled workers began to grow and the mission of education grew to include technical education. Economic liberalism reigned at this time. However, after World War I, economic theorists, led by John Maynard Keynes, saw that the unregulated market advocated by liberalism resulted in an unequal distribution of wealth. Keynes proposed that the government must intervene to adjust market forces, create employment, and prevent inflation. This economic theory, along with the Great Depression, gave birth to social policies and programs that grew even larger in the 1960s and 1970s. The social poli-

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cies of this time period were referred to by many as the “Welfare State.” Increasingly, as the world has gotten smaller and competition for jobs has grown, many people have become disillusioned with the Welfare State, turning to neoliberal economics to make America more competitive and to cut government expenditures.

Neoliberal economic policies have affected both citizenship formation and university education. Universities have been changed from providing liberal education to developing skilled workers. Times, though, require a new definition of citizenship and a new mission for universities. Universities now are called to form new global citizens who have job skills to compete in a global marketplace but who also believe in a just and culturally diverse society. Universities must integrate civic education into professional programs using creative ideas, reclaiming their status as the conscience of society, and recommitting to their mission to create and transmit knowledge.

### Neoliberalism

Before one can understand neoliberalism, or the “new” liberalism, it is important to explore liberal political economics. In *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776/1904), Adam Smith lays out the guiding principles for a liberal theory of political economy. First, the wealth of a state is determined by how much it can produce beyond what its people can consume and if it can then sell those excess goods. This productivity is dependent upon a skilled labor force and the number of its citizens employed in useful labor. Second, the ability of states to gain wealth is contingent on the free flow of goods between states. Third, to increase productivity, a division of labor is necessary, wherein workers divide the production of a single product into parts, with each worker producing one part of the product. Smith states, “The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable (sic) increase of the productive powers of labour” (Book 1, Chapter 1, para. 4). One example of this would be piecework in a sewing factory. One worker may make only the sleeves to a shirt, while another only attaches collars. Each worker can produce a larger number of parts than can produce one shirt at a time as he or she increases in dexterity and saves time by not changing tasks. Fourth, each person in the state is a consumer; he or she has his or her needs and wants supplied “by treaty, by barter, and by purchase” (Book 1, Chapter II, para.3). Fifth, due to the introduction of private property, there are those

who will profit from the labor of others and, rightly so, since they have made an investment in the production of that product (Book 1, Chapter III). Finally, the state need not interfere with the market by creating policy as the market naturally resolves itself according to fluctuations in supply and demand (Book 1, Chapter VI).

While roots of neoliberalism lie in liberal political economics, it is also a reaction to the Keynesian economic philosophy that spawned the New Deal and the liberal social policies of the 1960s and 1970s. According to John Maynard Keynes (1920/2005) in *The Economic Consequences of the Peace*, the social and economic organization of Europe led to inequalities in the distribution of wealth. After World War I these inequalities led to dissatisfaction among the masses and political and economic upheaval. The economically liberal policies that allowed Europe to gain wealth no longer worked in a world where the population was rising, nations were relying on outside sources of food, and the economy was moving from agriculture to manufacturing (Keynes, 1920/2005). For Lord Keynes, private sector decisions led to inefficient outcomes and the public sector needed to have a say in the economy and to provide for the public good. For example, in order to hedge inflation, a government must raise taxes and to create jobs a government must offer a stimulus. Using Keynesian economics and feeling a moral obligation to those who were suffering, President Roosevelt did this during the Great Depression creating federal infrastructure projects and raising corporate taxes. Today, neoliberal economists believe that any rise in taxation during times of economic distress have the effect of creating less spending and therefore making the economic situation worse.

Neoliberalism sees the social and economic policies since the New Deal as somehow having harmed our country; that big government has taken away peoples' freedom to be, according to Davies and Bansel (2007), "the productive entrepreneurs of their own lives" (p. 248), creating a Welfare State that the country cannot afford to sustain. Like the political economic theory of liberalism, neoliberalism believes in the development of labor, division of labor, privatization, and individuals as consumers; but on the role of government, liberalism and neoliberalism differ. Neoliberals want to reshape government to protect enterprise, whereas economic liberals relying on self-correcting market forces to do just that. Neoliberal lawmakers attempt to reshape government in several ways: first, through discourse, including discussion about globalization, accountability, enterprise, and the information economy; second, by cutting funding for programs that do not promote neoliberal economic phi-

losophy, such as funding for health care, while funding programs that promote neoliberal economic values, such as workforce training; third, by what Olsen and Peters (2005) describe as, “developing techniques of auditing, accounting, and management” that ensure compliance with global initiatives (p. 315); and finally, through legislation limiting governmental power to protect individuals.

Another difference is that liberalism, even with its view of humans as being self interested, did not devalue the social good while neoliberalism seeks to replace the idea that caring for those who are vulnerable and marginalized is morally good with the idea that a moral individual is one who looks after one’s own self interest and is accountable for oneself. According to Davies and Bansel (2007), in neoliberalism the state has been transformed from being responsible for human well-being “into a state that gives power to global corporations and installs apparatuses and knowledges through which people are reconfigured as productive economic entrepreneurs of their own lives” (p. 248). Individual survival is attached to national survival and both are tied to the market (p. 251).

The problem with neoliberal economics is two-fold. By holding individuals accountable for their own successes, neoliberalism does not take into account the differences in abilities, social and economic power, and health and temperaments of various individuals in society. Even if every individual had access to the same education to prepare for the workforce, which they do not, not every individual would be equally successful. Next, the assumption that the market is, in and of itself, the best way to allocate resources and opportunities is fallacious. Those who do not have power in society, and even those who have power and have been well-prepared to take their places in a market society, do not always receive a just market share. Somehow neoliberals would hold those individuals accountable for their bad luck.

### **Effects of Neoliberalism on the University**

Neoliberalism has an influence on every aspect of society, from federal, state, and local government, to social institutions and universities. One of the effects that neoliberalism has had on universities is in the area of research. Universities are becoming accountable to the state and to their governing boards to generate commercially viable research and to graduate persons with the skills that will make America more competitive in the global market. This accountability, according to Harland

(2010), pressures universities to concentrate money into the most commercially viable research. Government funding of research at universities is on the decline while corporate funding is rising. Increasingly, corporate sponsorship of research has changed, as Press and Washburn (2000, March), state from influencing the direction of the research to manipulating it. They cite several ways that corporations dictate the terms of the research they sponsor. Many corporations ask researchers to delay publication of research to keep information away from competitors (p. 42). Sometimes the motives are even darker. Sandoz delayed publication of a study about calcium channel blockers, prescribed for high blood pressure, to remove references to the dangers of the drug (p. 45). At the University of California, Berkeley, Novartis Chemical holds two of five seats on the Department of Plant and Microbial Biology research board. Novartis has donated \$25 million to that department. In addition, Novartis has the first right to negotiate licenses on one third of the department's patents (p.40).

That a university may even patent the discoveries it makes under federal funding is the result of neoliberal policy-making. Passed in 1980, the Bayh-Dole Act allows universities to patent discoveries they make under federally-funded programs and allows universities to negotiate licenses for those patents. According to Press and Washburn (2000, March), since Bayh-Dole, many universities have become big businesses. This can be demonstrated by the size of the intellectual property offices at research universities (p. 46). Increasingly, professors engaged in research hold shares or have other financial interest in companies who are funding their research (p. 42). Stanford University is even developing its own brand-named product, investing \$1 million of university money into the project. This sound-synthesis technology is known as Sonius-XG (p. 47). The activity of corporate America in research universities hurts research by limiting the free exchange of ideas between researchers and institutions and risks technological innovation. Some research that might not be considered commercial enough is pushed aside for research that will lead to profit.

Another effect of neoliberal policy on universities is that the structure of universities is being changed. Humanities departments are shrinking while technology programs are growing. A study done by Dangerfield and Engell and cited by Press and Washburn (2006) showed that while Computer Information Systems degrees increased by five to ten times from the 1970s to 1990s, Humanities degrees declined (p. 51).

Universities have become hierarchies rather than professional bureaucracies. Universities now work under cost centers headed by directors. Professors are pressured to maximize outputs and bring in a profit (especially research professors). Universities are now heavily branded and image is very important. Faculty and staff are monitored according to performance indicators. Earlier, according to Olssen and Peters (2005), working at a university was more collegial, democratic, and free (pp. 327-330).

Additionally, education has become a commodity. Press and Washburn (2006) state that the intellectual property of professors is being illegally used as their courses are being marketed as online courses without the professors' permission (p. 53). Welch (2001) describes universities as courting international students who can pay full tuition to the universities while government cuts reduce aid for national students of modest means (p. 479). Finally, neoliberal economics and the government cuts that stem from neoliberalism cause universities to adopt a fiscal prudence that justifies institutional cutbacks weakening their mission and existence (pp. 478-479).

The last effect of neoliberalism on universities is that neoliberalism has changed the role of the university. In the classical sense, the purpose of the university was to impart knowledge that helped students to develop rational thought and intellectual capacity. Students at these universities were typically men from wealthy and powerful families. After the Industrial Revolution, the role of universities changed to include technical development, while still emphasizing the liberal arts. According to the Association of Public Land-Grant Universities (2007) the Morrill Acts of 1862 and 1890 gave land and support to build Land Grant Colleges that would "teach agriculture, military tactics, and the mechanic arts, as well as classical studies, to members of the working classes so that they could obtain a liberal, practical education." The mission of both the liberal arts universities and Land Grant Colleges was to pass on the norms of the society in which the students lived and worked to promote a sense of justice. Universities often led the way in reform of the government and of society. In *The Republic*, Plato (1992) states, "Justice cannot be attained by legislation acting upon individuals without education fashioning them from within" (Book One, p. 1-35). In the 1960s and 1970s, universities began to play a greater role in forming critically thinking citizens who advocated for human rights and sometimes criticized the state. Universities in all of these time periods had several things in com

mon. According to Harland (2010), the primary aim of universities has been to develop intellectual independence, work to advance knowledge through interdependent research, act as a repository of knowledge, and act as the critic and conscience of society (p. 86).

As neoliberalism began to pervade universities and affect government funding of universities, the role of the university began to change. Education in the university moved from developing educated, critically-thinking citizens to shaping students into competitive, self-interested, and self-reliant individuals for whom the greatest goods are freedom and consumption (Olssen & Peters, 2005, p. 315). Welch (2001) asks if economic globalization (and neoliberalism) in education has contributed to democracy or impaired it (p. 482). To answer his question, we must first explore what it means to be a citizen.

### Citizenship

According to Barber (2002), “a citizen is the person who acknowledges and recognizes his or her interdependence in a neighborhood, a town, a state, in a nation—and today, in the world” (p. 27). Now, according to Mitchell (2003), citizens are transnational and exist in a global system of social, political, and economic interdependency (p. 388). Interconnected citizens are tolerant and believe that diversity is important when constructing and unifying the nation (Barber, 2002, p. 24; Mitchell, 2003, pp. 387-388). They are concerned about social justice and look to rectify social problems that arise from industrial capitalism. These social problems include things like hunger and homelessness, unemployment and underemployment, and unequal access to education and jobs. New global citizens are aware of global competitiveness and work to upgrade their skills and to remain competitive; however, global competitiveness is not the nexus of their citizenship.

Neoliberal citizens, or as Mitchell (2003) calls them, “the strategic cosmopolitans,” are not motivated by “national unity in diversity, but by understandings of global competitiveness and the necessity to strategically adapt as individual(s) to rapidly shifting personal and national contexts” (p. 388). Multiculturalism is important, inasmuch as one needs to understand other cultures in order to buy from or sell to them or to compete with them. Further characteristics of neoliberal citizens include individual nationalism, distrust of government, accountability, consumerism, and belief in hierarchal forms of management and government. As

individual nationalists, neoliberal citizens talk of patriotism, but it is not patriotism of the type described by our forefathers in the Preamble of the United States Constitution,

We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence (sic), promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

Neoliberal patriotism is highly individuated. Persons ought to fight for those rights that have been granted to them in the Constitution but the state should not become a Welfare State providing for those who do not provide for themselves. The flag that once represented our fight as a nation has become a symbol for the fight for individual rights. Likewise, government regulation of corporations and private institutions is seen as interfering with individual rights and neoliberals are, therefore, distrustful of government (Davies & Bansel, 2007, p. 251; Mitchell, 2003, pp. 387-390, and Welch, 2001, p. 487) Each individual and each corporation and organization is accountable for himself, herself or itself. The government need not interfere to create policies that either thwart or assist the forces of the market. Despite individual rights and accountability, neoliberal citizens do believe in a hierarchal power structure. For example, during the Bush presidency, power was concentrated in the executive branch and power continues there under the Obama administration. The effect of neoliberalism on citizenship has been to create citizens who no longer participate in government, leading to political inequality with those who “have not” left behind in the political process, and spawning negative rhetoric that divides citizens rather than joining them in cooperation (Welch, 2001, p. 485).

Barber (2002) argues that after 9/11, we can no longer present the neoliberal citizen to the world. America cannot afford to ignore its interrelationship with and interdependence on the world. He goes on to say that after 9/11 it became clear that the markets are unable to solve “terrorism, poverty, injustice, war” (p. 26). Educating Americans as interdependent, multicultural, just citizens not only builds our own nation, it helps America to deliver its message of democracy abroad, protecting us from nations that resent our wealth and creating friendships with nations who wish to engage in free commerce with us. Global citizenship is not

only good for America morally, but practically as well. The university has the responsibility to not only prepare a skilled labor force but also to help shape global citizens.

### **Citizenship Education and the University**

Universities have a history of citizen formation. If one reads the founding documents of many colleges, one can see that building citizenship is an important part of their mission. In the mission statement of Indiana University of Pennsylvania, it states that, “Inspired by a dedicated faculty and staff, students become productive national and world citizens who exceed expectations personally and professionally” (IUP, 2007-2011). The roots of education as citizen formation can be seen in the educational philosophy of John Dewey (1997). Education is seen as the proper mechanism to create citizens who understand the norms and behaviors of the community and have the philosophically liberal values to build a tolerant, multicultural state, the state that our forefathers envisioned. Dewey states that, education is the way a society passes on its values, norms, and behaviors. Education helps us to continue our existence as a democracy long after one or another generation is gone. Education also leads to growth of the student. The student forms habits that help him or her to conform to the environment and to society and prepares the student to engage in the social good. This preparation for citizenship is not theoretical; it results in specific accomplishments.

In some ways, universities have abdicated their responsibility to form this type of multicultural citizen and instead have focused on the production of capitalist laborers and commercial innovation (Barber, 2002; Harland, 2002; and Mitchell, 2003). As I have discussed above, every aspect of the university has been affected by neoliberal economic policy; Humanities departments have declined, corporations are dictating research, and academic freedom is being stifled. Skills-based education is replacing citizen formation. It is time for universities to remember their founding missions and to begin educating citizens again. Of course, as America is no longer in the era of nation-building, those citizens will not be quite the same as citizens of the past, nor will they be the neoliberal citizens of today. Universities need to educate new cosmopolitan citizens who have the workplace skills needed to retain global competitiveness, yet who are culturally aware, justice-focused, and tolerant.

The structure of the old university will not return, we will still have smaller Humanities departments and corporations will still fund

research, but I believe that there are ways to integrate civic education into skills-based education. First, ethics courses should be mandatory for every major, from business management, to biology, to computer information systems. Ethics courses should not focus on Utilitarianism as an ethical standard for world citizens, but should include theories on justice from Plato to John Rawls (justice as fairness). Second, each university program should include a component of cultural sensitivity training. Certain majors such as nursing already incorporate cultural competency into their programs. Integrating cultural sensitivity is not hard to do in most programs. Third, service learning should become mandatory for all students no matter their major. We already make many majors do unpaid internships; this can be tied to the internship or it can be something that all students do together. This service can reflect the major, such as, computer science majors writing a program for a non-profit agency. Last, students should be encouraged to read at least one to two books a year that focus on a justice or multicultural issue. The idea of an all-university book, one that everyone at the university reads and around which campus events and discussions are built not only raises consciousness on campus but it can spur exciting and meaningful dialogue. These are only a few ideas around which universities can develop citizenship education while helping students to gain the complex skills needed in a globalized world. Universities themselves should explore other ideas, ones that fit with their character and mission.

Besides implementing curriculum changes, universities can also engage in the formation of citizens by reclaiming the role of “conscience and critic” of the state. Neoliberalism, when speaking about the accountability of each person to become globally competitive, forgets that not each person starts from the same point. Many in our society (especially those in minority groups or low socioeconomic groups) are excluded from opportunity for education and for jobs. Universities, traditionally, have become a place where minority groups can have a voice – look at the growth of women studies programs, African studies programs, and Lesbian, Gay, Bisexual, and Transgender groups on campuses. Universities must talk about their values on campuses and in public and point out the fact that every group needs to be heard. For fear of losing funding or political backing, some universities have stopped doing just that.

Another way that universities can help in civic education is to reclaim their production, dissemination, and safekeeping of knowledge (Harland, 2010, pp. 91-94). While corporate sponsorship of research has become a necessity, universities must work to regain control of the re-

search, which research projects will be funded, and how research will be published. While it is tempting for universities to eliminate entire departments that are not fiscally productive, universities must strive to retain what they can for the sake of the future. In his book, *How the Irish Saved Civilization*, Thomas Cahill (1996) describes that when the Barbarian invaders invaded the British Isles, Irish monks safeguarded and copied important books, allowing literacy to flourish later after a long period of illiteracy and intellectual darkness. There may come a time when universities will once again be called upon to “save civilization.” Universities must take up their mission to act as repositories of knowledge (Harland, 2010).

### Conclusion

Neoliberalism is an economic philosophy that has influenced how higher education has developed from the 1980s until the present. The neoliberal citizen no longer works in a world that is continually growing smaller and in which individuals and nations must depend upon each other for survival. There is a need to form new global citizens who have job skills to compete for global jobs but who also believe in a just and culturally diverse nation. This need arises from the fact that our current behavior toward the rest of the world has caused a real danger to the United States and hinders our ability to export democracy to the rest of the world. As one of the missions of higher education is to form citizens, universities must work to develop mechanisms to shape their students into these new global citizens and must fight to shake off the pervasiveness of neoliberalism in higher education.

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