On academic capitalism

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ABSTRACT
This forum contribution discusses the increasing trend toward academic capitalism and profit-oriented entrepreneurial practices in the fields of education and research. This occurs as universities, in different ways and subject to greater or lesser financial, administrative, and ideological pressures, act less like centers of disinterested education and research and more like economic enterprises that aim to maximize their revenues and/or advance the economic competitiveness of the spaces in which they operate. This development has become more global thanks to intensifying competition among relevant institutions (reflected, inter alia, in international accreditation for teaching and international rankings for research), intensified competition between the wider economic and political spaces in which they are embedded, and the ‘me-too-ism’ that leads social actors to jump on the latest bandwagon. I also consider the expansion of predatory academic capitalism and, because this is the least familiar type, I use my limited space to illustrate this rather than the more widely discussed examples of academic capitalism and entrepreneurialism (further examples of all case are presented in Jessop 2017).

The trend toward academic capitalism has three major sources. First, it derives from the influence of the ‘knowledge-based economy’ paradigm in the transition beyond Fordism to new accumulation regimes (Jessop 2004). This paradigm calls on education and research to meet the human capital needs of a changing labor market and economy, provide infrastructure and services to business, and transfer knowledge so that it contributes to capital accumulation. It also recommends that students, faculty, and researchers become enterprising bearers of intellectual capital. Second, neoliberalism has enabled financialization and the rise of finance-dominated economic regimes that extend their logic into education and research. And, third, fiscal-financial crises (often exaggerated) provide reasons for neoliberal state managers to demand public spending cuts in these areas. Such mechanisms lead to growing differentiation between globally competitive research universities and institutions that offer mass credentialization and lifelong learning at local or regional scales. It also deepens the tension between treating knowledge, education, and research as public goods or, alternatively, as private or club goods whose restricted circulation excludes many from their potential benefits.
Economization, marketization, and financialization

The growing literature on academic capitalism rarely interrogates the meaning and variability of capitalism or the steps in its development. It often focuses on shifts in internal management organization and capabilities, the introduction of internal markets and quasi-markets, quality assurance mechanisms, differentiated career tracks and growing precarity, new intermediary bodies for managing and transferring knowledge internally and with external partnerships (Slaughter and Cantwell 2012). Conversely, I suggest here that the rise of academic capitalism can be plotted in terms of five analytically distinct and potentially overlapping stages (for the theoretical rationale and more empirical details, see Jessop 2017). Accordingly, this section identifies some limits to academic capitalism that hinder a complete traversal of all stages short of reaching a fully financialized neoliberal dystopia. As academic capitalism typically develops in economies already dominated by capitalist market relations, the first three stages, while often contested, may overlap or be fused. Each stage creates its own crisis-tendencies and some steps may be reversed. I now present the stages.

Stage one sees commercialization as education and research are produced for sale. Examples include private tuition, fee-paying universities, distance learning, and commercial research. This stage involves various forms of simple commodity production that are not yet subject to the competitive pressures of profit-oriented, market-mediated capitalist production to reduce the socially necessary labor time for production and the turnover time of capital. Even in this early stage, students become sought-after mobile customers, knowledge and creativity are commodified, and intellectual property rights are claimed and then retained or traded.

Stage two marks the first steps in capitalization as a specifically capitalist market economy develops in higher education and research, thereby reinforcing the process of commercialization. We see free trade in knowledge, the rationalization of its production based on tight control on costs and their recovery, and universities and research institutes using their own accumulated capital and/or loans to boost revenues.

Stage three is a more radical step toward capitalization. It involves the quasi-commodification of mental labor as an input, including the separation of intellectual labor from the means of intellectual production. This contributes to hierarchization and precarization of intellectual labor, loss of professional status, and attempts to limit the freedom of teaching and research in the interests of cost reduction and profit maximization. This process is legitimated by the neoliberal theory of property rights and the contractual principle of creative ‘work for hire’, which transfers rights in intellectual property to the employer or, for students, to their educator. The third stage also sees the appropriation of traditional knowledge, privatization of the intellectual commons, commodification of teaching materials, scholarship, scientific research, and scientific publications, and, more recently, digitization of lectures enabling their virtually costless reproduction and circulation – while charging consumers for access. It also reinforces the tendency for managerial salaries to rise faster than academic salaries, especially compared to precarious teachers and researchers.

While transitions between stages two and three are often associated, among first movers in capitalist development, with liberal imaginaries and practices, a neoliberal orientation characterizes strategies and practices in stages four and five. These are less
often discussed because they involve financial rather than productive capital and seem remote from the discourses of the knowledge-based economy, the competitiveness agenda, and so forth. Yet, as these unfold, they radically modify the aims, activities, and governance of higher education and research.

Stage four is financialization. This has two aspects. First, mobile capital enters these fields considered as sites of profitable substantive investment; and, second, market forces equalize profits across specific universities, colleges, and research enterprises and between these and other fields of potentially profitable investment. This stage begins with private universities but is reinforced as the final stage arrives and affects all universities and research centers. These equalizing tendencies can be disrupted (as in other markets) by entrepreneurial innovations that enable temporary super-profits. Such equalization may be blocked, however, when entrenched reputational rents reinforce ‘winner-take-all’ dynamics in higher education (Frank 2004) or the ‘Matthew effect’ in science, whereby renowned scientists get more citations and grants than unknown scientists for similar work (Merton 1968).

The fifth stage is reached when a finance-dominated system subordinates education and research to the profitability requirements of ‘capital as property’. This could occur through the securitization of their investments and revenue streams. Examples include the global secondary market in Student Loan Asset-Based Securities, which are increasingly attractive financial products for investors and promoters alike; the resort by universities to financial markets for funds secured through future revenue streams from the full range of university assets (e.g. student fees, student rents, shopping, sports and leisure facilities, research funding, and royalties). Followed to its logical conclusion, this would produce full privatization of universities and research institutions and integrate them into a financialized global market economy (especially if all assets and revenues are securitized). Profitability and shareholder value would then override all other goals. This has not yet occurred. Indeed, once one recognizes the full spectrum of its possible stages, any claims about the onward march of academic capitalism must be heavily qualified.

Entrepreneurship and the entrepreneurial university

Whereas academic capitalism describes a general trend in the overall structural organization and strategic reorientation of the fields of education and research, the notion of entrepreneurialism serves to capture the spirit and content of this strategic reorientation and to specify its impact on institutions and organizations. Joseph Schumpeter identified five areas of entrepreneurial innovation in business. These introduce (1) a new good or a new quality of a good; (2) a new method of production or a new way of commercially handling a commodity; (3) new markets for one’s own products; (4) new sources of supply of raw materials or half-finished goods; and (5) creation or disruption of cartel or monopoly positions (Schumpeter 1934, 129–135). In the short-term, successful innovation permits monopoly profits. In an efficient market, however, these are competed away as other firms adopt the same innovations or counter them with other innovations, creating treadmill effects because competitive advantages are usually temporary. Analogous forms of educational, scientific, and social innovation and similar treadmill effects have long existed in education and research and would
seem to belong to the social functions of higher education and scientific research. However, beginning with the first stage of academic capitalism, commercialization, and intensifying with each successive step, entrepreneurialism is now tied increasingly to economic and financial goals. Following Schumpeter, universities may seek to increase revenues, reputation, or rankings by developing:

New products, e.g. preparatory courses; new or enhanced programs in higher education, professional training, and research that reflect new disciplines, new economic and political priorities, or major shifts in the cutting-edge and supporting technologies of new waves of economic and social development.

New methods of teaching and research such as exploiting new or enhanced information and communication technology infrastructures and ‘infrastructures’, seeking to cut costs and boost efficiency by standardizing learning and commoditizing education, and finding new ways to deliver their ‘products’.

New markets for their goods and services, for example, validating degrees from other institutions, opening branch campuses, widening the social or geographical bases of student recruitment, developing regional education hubs, etc.

New sources of supply of talented students, teachers, and researchers to enhance competitiveness, whether by lowering costs or enhancing revenue, reputation, and rankings, signing international cooperation agreements with top global universities to benefit from knowledge transfer, developing new funding sources, and, in the public sector, partnering with the private sector with a view to reducing costs and boosting competition.

New forms of organization in the ‘education industry’ and scientific research through global differentiation of these sectors, funding challenges to existing global and national hierarchies; and developing new circuits of knowledge.

Political academic capitalism

Academic capitalism is not confined to profit- or revenue-oriented, market-mediated competition among institutions and organizations and their associated entrepreneurial activities in the sequence of six possible stages analyzed above. For, within certain niches or interstices of this developing system of academic capitalism, we can discern efforts to seek advantage that rely on political or other forms of extra-economic coercion. Max Weber, another leading economic sociologist, distinguished three forms of ‘political capitalism’ based on force and domination, predation, and unusual deals with political authority (Weber 1968). Analogous forms occur in higher education and research and indicate the scope for actors in these fields to profit literally as well as metaphorically from forms of political rather than market-rational pursuit of profit.

There are many forms of predation and parasitism: examples include petty and grand corruption, embezzling public funds, false prospectuses, usurious student loans, overcharging, and cheating by students, teachers, administrators, and researchers that leads to unwarranted reputation or income. False prospectuses can be illustrated from Education Management Corporation, once the second-largest American for-profit educator, which was doggedly sued, fined, and, in 2015, eventually delisted from NASDAQ. Another important form involves ‘degree mills’, which sell fake diplomas, degrees, and doctorates (Ezell and Bear 2006). Also significant is the growth of
predatory publishing – whether through pay-to-publish practices in fake journals or exploitation of the unpaid labor of authors, reviewers, and editors in serious journals and books. Moreover, in some fields, such as the pharmaceutical industry, scientific or pseudo-scientific papers are ghost-written on behalf of scientists and research institutes to lend credence to commercial products and services.

Profit from force and domination is seen in conditionalities imposed as a condition of loans to sovereign states at the cost of privatization of education, higher user fees, opening education and research to foreign entrants, and introducing robust intellectual property rights regimes to the benefit of foreign capital. While some of these conditions may be substantively rational, especially when they reduce predatory academic capitalism and boost education and research standards, they also create conditions for the growth of profit-oriented education and research, the penetration of foreign providers, and the expansion of financial products issued by, or tied to, education and research. The key institution here is, of course, the International Monetary Fund with a support role, now diminished, for the World Bank, which has now conceded the limits of privatization in education.

Unusual deals with political authority can be seen in private finance initiatives, regional or other biases in funding for education and research, and the opening of education and research to requirements of free trade or most favored nation status in bilateral or multilateral trade treaties. However, the most important examples, some now probably abortive, are the secret deals negotiated between capitalist interests and sovereign states around trade in education services. These include measures to promote internationalization, commercialization, market access to foreign providers of a wide range of educational services (including higher education and consultancy on education services), cross-border supply of distance learning courses, student mobility for study abroad, staff mobility (visas to allow staff to teach abroad on a short-term basis on the grounds that they count as ‘business persons’ within the terms of trade treaties), commercial presence (permitting branch campuses abroad), and privatization of education services and research. The biggest beneficiary of such trade treaties is reckoned to be US for-profit education providers.

Concluding observations

Some aspects above are familiar to scholars, students, and practitioners but my contribution seeks to extend the theoretical scope of research on academic capitalism and entrepreneurialism and to highlight their ‘dark side’. Slightly modifying the order of presentation above, one conclusion is that the academy has not yet traversed the full spectrum of commodification, financialization, and finance-domination. Another is that academic capitalism is not confined to capitalistically rational forms but includes political forms that distort capitalist principles for personal, institutional, or political gain. And, more optimistically, against the trend to naturalize profit- or revenue-oriented entrepreneurialism as part of the neoliberal order, we might see a revival of communities of scholars and students (serving wider communities too) who explore educational, scientific, and social innovations to make important, disinterested contributions to the intellectual commons and public good.
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