The American University and the Establishment of Neoliberal Hegemony

The Persistence of Institutional Habits

By Luis Flores

Abstract

An intervention on neoliberal-centric narratives of university privatization, this study explores the historical forces that instilled a propensity for market hegemony in universities by the start of the 1970s. This paper identifies institutional habits as the conservative agent that determines change in the university, specifically its habit—and responsibility—of promoting civic duty and the later-developed habit of performing applied scientific research. By tracing redefinitions of civic duty from the Progressive Era through the Cold War, the process of academic privatization is revealed to be dependent on the emerging association of democratic behavior with the promotion of national defense—an effort that became highly market oriented through competition with the Soviet Union. Moreover, defense research grants during the wars fashioned the model for applied research that private industries would adopt following a decrease in federal funding to universities in 1968. Finally, this paper will redefine the 1970s, as a period not of “neoliberal revolution” on campuses, but rather one of convergence—where the social, academic, and business interests consented to the market hegemony that currently prevails on American campuses.
I. Introduction

“There are two great clichés about the university. One pictures it as a radical institution, when in fact it is most conservative in its institutional conduct. The other pictures it as autonomous, a cloister, when the historical fact is that it has always responded, but seldom so quickly as today, to the desires and demands of external groups—sometimes for love, sometimes gain, increasingly willingly, and in some cases, too eagerly.”

–Clark Kerr

In 2003, the Campaign for Higher Education published a statement foreshadowing a complaint that would resonate with current students of the University of California. “Students are neither consumers nor clients...Universities are not businesses, producing consumer goods,” declared the campaign. “Knowledge and thought are not commodities, to be purchased as items of consumption... [they are] the very antithesis of a commodity.” Echoing the infamous grievances of Mario Savio, the leader of the Free Speech Movement, this complaint is significant because it goes beyond decrying the institutional composition of the university. Rather, the grassroots organization criticized an established “common sense” over education, which positions the goal of education within the market system. Providing linguistic evidence for their claim, the Campaign pointed to the use of market language in education—phrases like “invest in your education” or the common assumption that “as I consume more education, I become more competitive within a labor market because I increase my use-value.” The campaign’s grievances suggest a mutually reinforcing relationship between private interests and the university student. The first is an effect of the structural implementation of the proposition that “the provision of education is a market opportunity and should be treated as such.” The second is the result of the public consensus that sees the university primarily as a training ground, preparing students for an exchange of labor in a free market—a privatization of the mind. This study will show that this hegemonic consensus is not simply the result of a forceful “neoliberal revolution,” as is commonly argued, but rather the result of a historic debate over definitions of citizenship and the role of universities in promoting it and transformation to universities funding during the Second World War and the Cold War.

For decades now, academics have commented on this change in “common sense” over the purpose of education. In 1994, Eric A. Hanushek, a Hoover Institution fellow and a member of the Koret Task Force on K-12 Education, argued that for most students and their parents, “the raison d'être of school is preparation for useful and rewarding careers.” In 2000, David Hollinger, an intellectual historian at the University of California, Berkeley, drew attention to this consensus over higher education by pointing to “compelling evidence that the gap is closing between what

4 Ibid., 22.
universities value and what is valued in the commercial marketplace.” Even as early as 1973, Harvard economist Samuel Bowles observed that the “social structure of education reflects the social relations of production.”

Some academics point to 1968, the year the liberal consensus collapsed, as the start of a period that ushered in conservative policies of privatization.

There is a consensus across academic disciplines that political and economic policies fundamentally changed at the start of the 1970s. The move to policy-conditional structural adjustments by the International Monetary Fund and the increased influence of the Chicago School of Economics in Latin America, coupled with the nationwide tax revolt of 1973 and the ascendency of the Reagan and Thatcher governments at the end of the decade, all point to a strong revival and forceful thrust to promote free-market ideology. Designated by many as the “neoliberal counter revolution” for its public rejection of Keynesian policies, the intellectual origins of the movement are typically attributed to Austrian School economists like Frederich Von Hayek and Ludwig Von Mises. Their American incarnation at the University of Chicago is associated most closely with Milton Friedman. As early as 1955, Friedman wrote about the “education industry” as an arena for economic competition and individual choice where government administration was not “justifiable… in a predominantly free enterprise society.”

Progressive commentators, activists, and even some in academia, see the education policies promoted during this period of economic “counter revolution” as the stimuli for the expansion of market thought in universities. Yet branding this process as a revolution implies a sweeping overthrow of past ideas and frameworks for action. Revolutionary narratives are prevalent in the historical imagination for they allow one to easily differentiate epochs in policy and behavior. However, to understand the effects of the neoliberal revival on higher education means reinterpreting what occurred not as an overthrow of a progressive institution but rather a structural adaptation by an institution already embedded with a propensity for market functionality.

This paper explores the historical precedent that allowed for neoliberal ideology to cement a set of already present habits informing the role of American universities. An intervention on neoliberal-centric narratives of university privatization, this study explores the historical forces that instilled a propensity for market hegemony in universities by the start of the 1970s. Evidence will suggest that the molding of a new hegemony on higher education was not tangential to American history, but rather a unique product of American intellectual, cultural, and political history. The reinforcement of an ideological paradigm was not a monolithic effort, but a series of marginal adaptations by promoters of neoliberal thought to real societal dilemmas in search of solutions. This study will show that the proponents of neoliberalism in education in universities presented market solutions as the natural resolutions to widespread public anxieties. This phenomenon of

adaptation, not revolution, has been explained more eloquently by geographer David Harvey who writes in A Brief History of Neoliberalism, “for any way of thought to become dominant, a conceptual apparatus has to be advanced that appeals to our intuitions and instincts, to our values and our desires, as well as to the possibilities inherent in the social world we inhabit... if successful, this conceptual apparatus becomes so embedded in common sense as to be taken for granted and not open to question.”

Private interests’ sensitivity to existing institutional habits and cultural expectations in American universities allowed for the establishment of the market “common sense,” which Harvey describes. Progressive reforms in the early twentieth century, the advent of state funded confidential research projects during WWII, the exponential increase in defense investment in universities after the launch of Sputnik during the Cold War, and changes in conceptions of national efficiency and civic duty, all converged to develop institutional habits in the American university. In the 1970s, these habits were easily recalibrated to promote the values of the market system. In essence, the American university’s privatization was a logical byproduct of decades of matured institutional habits—many initially nurtured by the left.

II. The Usual Suspects?

In September 1972, the same year he was awarded a Pulitzer Prize, investigative journalist Jack Anderson published two controversial stories in which he leaked a now infamous confidential memorandum written by Lewis F. Powell and addressed to the Director of Education at the Chamber of Commerce, Eugene Sydnor, Jr. In the memorandum, alarmingly entitled “Attack on the American Free Enterprise System,” Powell decried corporate apathy in the face of “communists, New Leftists and other revolutionaries who would destroy the entire system...” Writing two months prior to his appointment to the U.S. Supreme Court by President Nixon, Powell outlined a plan to shift the alliance of traditionally progressive institutions like university campuses, K-12 schools, and popular media outlets, toward the enterprise system. Recommendations in the memo included the reevaluation of textbooks, the balancing of faculties with business-friendly professors, influence in business school curriculums, business-friendly scholarly journals, and the responsibility of local Chambers of Commerce to influence K-12 education in their respective localities. Powell urged CEOs to associate the protection of the free enterprise system with their goal of ensuring production growth. “If our system is to survive, top management must be equally concerned with protecting and preserving the system itself,” Powell consequently recommended. Especially emphasized was the necessity to transform institutions of higher education, which Powell described as the most dynamic source of the attack on the free-enterprise system. Powell urged: “It’s time for American business—which has demonstrated the greatest capacity in all of history to produce and to influence consumer decisions—to apply their great talents vigorously to the preservation of the system itself.” Powell, who sat on the board of eleven corporations prior to his appointment to the Supreme Court, would see many of his recommendations implemented to an impressive degree—compelling some to situate his memorandum as the first strike of the neoliberal counter revolution.

12 David Harvey, A Brief History of Neoliberalism (Oxford: Oxford University Press, 2007), 5.
14 Ibid., 2.
15 Ibid., 12.
16 Ibid., 29.
Reinforcing the validity of a counter-revolution narrative, anonymous discussions among businessmen on institutions of higher education revealed that Powell’s concerns were widespread among corporate elites. A 1974 study by the Conference Board revealed corporate unease with the state of higher education. “Too many people in the education community have a deep suspicion of business institutions and the free enterprise system, and this, too is passed along to impressionable students,” concluded the report. One anonymous chief executive almost borrowed Powell’s words when he suggested requiring “professors of business subjects to spend some time acquiring practical business experience.”

It is the recognition of the transformative influence of higher education, acknowledged by these businessmen, which motivated their efforts to gain “equal time” on campuses. From reading the concerns of business leaders at the time, there is evidence to suggest that Powell’s call to action had a vast and resourceful audience eager to implement his recommendations.

Perhaps not surprisingly, a number of modern grassroots organizations and academics alike point to Powell’s memorandum as a crucial moment in the neoliberal counter revolution. Progressive writers have identified the memo as “the moment CEOs dug in,” “the attack memo that changed America,” and the catalyst for a “long-term shift in culture, law and ultimately policy to consolidate corporate power…” Geographer David Harvey, granted with more caution, also pointed to the Powell memorandum as significant in what he termed “the construction of [neoliberal] consent.”

UC Berkeley historian David Hollinger echoed this notion in a 2000 paper on the effects of money on academic freedom in higher education. He opened his paper with a description of the Powell Memorandum as a program for “neutralizing” liberal professors by mobilizing “money and corporate connections.” These arguments appear to be persuasively corroborated. In the years following the memorandum, members of the Chamber of Commerce initiated a rapid implementation of Powell’s recommendations. In 1972, John Harper, then chief executive of Alcoa Aluminum, along with Fred Borch, CEO of General Electric, founded the Business Roundtable—a private organization “committed to the aggressive pursuit of political power for the corporation.” Complementing the work of unabashed political organizations was a slew of apolitical think tanks—now known for their pro-business scholarship. In 1973 the establishment of the Heritage Foundation, followed by the Cato Institute in 1974, the Manhattan Institute in 1978, and Accuracy in Academia in 1985, illustrate corporate mobilization influenced by Powell’s call to action. The trend made its way to Capitol Hill with a significant increase in the number of lobbyists in the decade following the Memorandum. In 1971, there were a total of 175 registered lobbyists in Washington D.C.; by 1982, that number had ballooned to 2,800.

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19 David Harvey, Brief History to Neoliberalism, 39-42.
Among the most prominent think tanks to enact Powell’s suggestion to incentivize the circulation of business-friendly scholarship was the American Enterprise Institute (AEI). The Institute was among the recipients of an annual average of $900 million in corporate donations to conservative think tanks throughout the 1970s. In the following two decades, the AEI published a series of scholarly papers and discussions on potential partnerships between businesses and education practitioners, reinforcing market principles through education reform. One report, for which Milton Friedman was an advisor, expressed the need to “spur competition” in public schools to encourage “educational innovation.” In another paper, AEI researcher Maurice Leiter encouraged self-interested behavior in schools. It is unclear how much of this managed to influence education policies; however, there is evidence to suggest that these opinions contributed a persuasive, and well-funded, point-of-view to policy debates in high levels of government.

While it seems likely that there was heavy influence by Powell’s followers after his memorandum, it is important to note that similar pro-enterprise policies were being debated in state and federal legislative committees even before Powell’s infamous letter. Proponents of these policies were often disconnected from business interests and acted on anxieties over labor force preparedness and rising unemployment. Discussing the possibility of expanded vocational programs in the early 1970s, the Washington State Senate explained that education reforms should focus on imparting the necessary skills to enter the market. Similarly, a 1976 report by the National Business Education Association defended career education as the “total effort of public education and the community aimed at helping all individuals to become familiar with the values of a work-oriented society.” Echoing these concerns were many public K-12 educators who embraced career and vocational education programs and were open to considering voucher proposals.

Sidney P. Marland, Jr., perhaps the most public proponent for career education was a former schoolteacher and superintendent who rose to the post of Commissioner of Education in 1971. Five months before Powell’s memorandum, this seasoned educator, seemingly disinterested in corporate ideology, ushered in the career education era. Speaking of higher education, Marland lamented, “the rationales for federal funding today seem to be in disarray… further massive growth seems unlikely.” Marland showed that the concerns of business interests, targeted by Powell’s letter, were not unique to market players. In fact, educators also entertained the benefits of business-education partnerships. It is the promotion of Powell’s recommendations from places outside the business world that suggests a more complicated set of forces nudging education institutions toward the market years before Powell’s call to action.

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23 Powell, 22-23.
28 These concerns were expressed in the minutes of an April 24, 1967 meeting of the American Council on Education.
Further complicating the neoliberal counter-revolution narrative were the 1960s student protests. Nearly a decade before Powell's Memo, Mario Savio's infamous speech at the University of California—Berkeley, already protested the reproduction of market practices in the university. “If this [university] is a firm and if the Board of Regents are the Board of Directors, and if President Kerr in fact is the manager…we're the raw material!” protested Savio—long before the conventional timeline that the neoliberal revival would predict. Savio would not only protest reproductions of industrial models in the university, but also its transformation into a federally funded war machine. It was, after all, in Gilman Hall that the 1941 discovery of plutonium ensured UC Berkeley's invitation to contribute to the development of the atomic bomb. The student protests of the 1960s suggest a series of complicated forces were transforming the university. To more comprehensively position the role business interests played in the privatization of higher education, attention must first be focused on the intellectual foundations of progressive movements in the early nineteen hundreds. During this period, debates over definitions of citizenship and the measures of national efficiency would guide education reformers.

An equally crucial component to the story of the neoliberal university is the increase in privately funded research. Some historians point to the $23.4 million agreement signed between the Harvard Medical School and Monsanto in 1974 as the first modern alliance between a corporation and a university; however, even with substantial evidence of what seems like a proactive reception of Powell's recommendations, the “neoliberal counter-revolution” narrative places private corporations as the primary actors in the privatization of education—neglecting or underemphasizing historical precedent. Furthermore, an inquiry into what appears to be a change in the habits that universities promote, warrants an examination of the period when the university was entrusted with the role of instilling social and democratic habits. A more comprehensive look at a few of the pressures pushing the university toward a market paradigm in the 1970s will reveal a group of actors outside of the list of usual suspects.

III. The Progressive Transformation of American Education

The university’s habit of promoting and inculcating civic habits can be observed in Thomas Jefferson’s University of Virginia, founded in 1819, but its modern birth is directly tied to the early twentieth century “Wisconsin idea.” Alluding to Jacksonian values, University of Wisconsin president Charles R. Van Hise proposed in 1904 that American universities serve an “ameliorative, rather than merely a preservative, function of government… ‘[a] hopeful scheme for the preservation of republican social values.’” Significantly, Hise's university model positioned elite academics as trained experts particularly qualified to participate in public and civic matters, securing the university’s faculty position in the emerging managerial society—a position built on technical and moral claims. The state universities founded on the land allocations of the Morrill Act in 1862 reproduced the Wisconsin idea. This institutional habit of promoting civic duty and democratic behavior has historically been a contested role, re-articulated when national interests changed. An examination of re-articulations of this institutional responsibility is illuminating in studying the adoption of market hegemony in American universities.

30 Mario Savio Sit-In Speech on the Sproul Steps, 2 December 1964. Media Resources Center, Moffitt Library, University of California, Berkeley.
Through progressive reforms at the start of the 20th century, American universities were restructured to promote and moralize rapid industrialization while also advancing democracy and citizenship. In 1958, Yale education philosopher John Seiler Brubacher reflected, “[American universities] have played a decisive role in the advancement of American democracy [while they have also] furnished the professional training needed by a growing nation.”

The American university of the late 1950s was arguably among the most developed of progressive institutions with its roots in the philosophy of American Pragmatism. Central to progressivism, this late 1800s philosophy has become most associated with three practitioners: Harvard mathematician Charles Sanders Peirce, Harvard psychologist William James, and education philosopher John Dewey. Pragmatism challenged conventional notions of universal rationality and the scientific approach to studying social behavior practiced by Positivist intellectuals. The epistemological foundations of American Pragmatism were based on relativism and placed practical consequences, not rationality, as the test for truth. In 1957, Yale philosopher John E. Smith argued that Pragmatism dominated professional philosophy from 1880 to the 1930s.

Among William James’ students at Harvard were educators Boris Sidis, G. Stanley Hall, Alan Leroy Locke, future president Theodore Roosevelt, and progressive intellectuals like W.E.B. Du Bois and Walter Lippmann; however, it was John Dewey’s philosophy of education that most directly influenced education reform during the Progressive Era.

Pragmatic epistemology, espoused by Dewey, drew attention to the vital role of the educational environment in the formation of habits. Decades later, this preoccupation with the creation of habits was widely noted. “Schools [have] become the focal point to different frustrations in American society,” noted Martin Carnoy, professor at the Stanford School of Education in 1972, “paradoxically, two generations of Dewey-inspired professional educators must now pay the price of having convinced us of the school’s role in shaping our lives.”

It should be noted that this was not the pragmatist’s initial intention to promote a type of social engineering. It was only a confident understanding of a complicated thought process that Dewey, James, and their students would attempt to steer and calibrate James’ “mental machine” to achieve specific social and moral goals.

In 1905, William James took a bold step toward utilizing his theories of human psychology to achieve social goals. In “The Moral Equivalent of War,” James conceded that there are developed propensities for national competition in the “modern man”—“innate pungency” and “love of glory,” explained James. Constrained by these habits, James found it impractical to work toward a pacifist society; he believed it would be utopian given existing impulses. Instead, he suggested using the propensity for competition to promote domestic civic duty and the improvement of social institutions through international competition. “Who can be sure that other aspects of one’s country may not, with time and education and suggestion enough, come to be regarded with similar effective feelings of pride and shame?” asked James.

John Dewey would conceive a similar pragmatic approach to education in an effort to nationalize education by approaching

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“education as engineering”—that is social and cultural engineering. His comparison to engineering attested both to his belief in the ability of education to construct habits and to the practicality he envisioned for these habits. Using the knowledge that enables the construction of a bridge as a metaphor, Dewey proclaimed that the habits instilled by educating institutions should have a clear and tangible social goal.

Dewey's contribution to education would build on James by redefining education as a tool—its success measured by the development of democratic and socially efficient habits. The American university, and to a similar extent primary and secondary schools, would embrace the pragmatic “conviction that consequences in human welfare are [the] test of the worth” of their practices. Dewey's philosophy charged institutions of education with the promotion of civic duty and democracy. Foreshadowing debate over these principles, Dewey did recognize the fluid definitions of his goals. He addressed the ambiguity of the goals by suggesting that schools instill a uniquely American set of principles, among which were “leadership as well as obedience...power of self-direction and power of directing others” in both the industrial and political aspects of American society. Dewey would find that his was not the only version of American civic duty.

An apparent peril in the implementation of pragmatic education is that its application acknowledged an epistemological theory that placed habits as central to the learning process, yet left practitioners with the discretion to decide which habits to promote. As philosopher Sidney Hook explained, “regardless of the social philosophy one holds, it would be possible to accept and implement what Dewey says about how to improve the quality of education for any particular person or group.” In Dewey’s idea of education, citizenship and progress were the goals, yet he did not convincingly argue for a single interpretation of either civic duty or progress. With the outbreak of the First World War, fellow progressive intellectuals would challenge Dewey’s vision of productivity and civic duty.

Dewey’s fiercest critic was Randolph Bourne, a former student of William James. In his 1917 essay “Twilight of Idols,” Bourne expressed deep concern over the “malleable” nature of Dewey’s conception of education. He explained that his philosophy was “inspiring enough for a society at peace,” but lamented that with the start of the war “pragmatic awakeners” shifted to expand democracy through “the national enterprise of war.” Bourne pointed to the pursuit of an undefined idea of democracy among the war pragmatists’ most significant problems. He was critical of the lack of “vision” that allowed for machines, not morality, to drive expansions in democracy. The debate among intellectuals over the role of education in World War I would be echoed throughout the violent 20th century and would often revolve around defining the role of the pragmatic university. Intellectuals promoting specific visions of practical efficiency and civic duty would clash with Bourne-type intellectuals who called for a more critical engagement with practical assumptions.

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The transformation of universities during times of war propelled these debates to the forefront of the historical process. At the eve of the Second World War, Hise’s Wisconsin model, amended by progressive reformers, produced the ‘university state’ rather than the ‘state university.’ In the university state, the university’s responsibility of promoting citizenship in students was expanded to the rest of society by the rising managerial class. American university intellectuals “influenced by the pragmatism of William James and John Dewey... tested truth by its practical [social and political] consequences.”

IV. WWII and the Cold War: The Development of Institutional Habits

Harvard biologist R.C. Lowenstein’s claim that in the history of the American university the development of the atomic bomb “changed it all,” brings us to the University of California at Berkeley—which, for the purposes of this paper, serves as a pertinent case study of the changes and tensions that preceded widespread privatization in the 1970s. In 1940, UC Berkeley Professor Ernest O. Lawrence, physicist Arthur Compton, Harvard President James B. Conant, MIT President Karl T. Compton, and physicist Alfred L. Loomis met on the UC Berkeley campus with Vannevar Bush to discuss the role of research universities in the war effort. Bush, a former MIT president and by all accounts a brilliant electrical engineer, founded the first modern defense contracting firm in the mid 1920s. A year after this meeting at Berkeley, nearly all of these distinguished scientists would be part of President Roosevelt’s Office of Scientific Research and Development (OSRD), responsible for directing research in universities on behalf of the Department of Defense. In 1941, Bush successfully persuaded President Roosevelt of the need for a government organization to coordinate scientific research for military purposes in the event of war. On June 28, 1941, President Roosevelt issued an executive order creating the OSRD—granting the office the right to “enter into contracts and agreements with individuals, educational and scientific organizations, industrial organizations, and other agencies.” Exemplified by the Manhattan Project, this inflow of government money into universities would spur competition among universities and breed a disposition within physical science departments to attract outside grants. Journalist Jennifer Washburn observed that universities “embraced a ‘national defense’ mandate for higher education.”

The Second World War definitively transformed notions of civic duty and efficiency to promote nationalism and military innovation—the University would serve to reinforce these conceptions. Before the Second World War, funding for research in higher education was left to the discretion of individual states, which overwhelmingly limited grants to state agricultural experiment stations. Total federal funding for research and development in universities in 1940 was $74 million, of which agriculture accounted for 40 percent. The amount in grants swelled significantly during and after the Second World War, with the proportion funded by the Department of Defense accounting for close to 90 percent of all funding.

43 Brubacher and Rudy, Higher Education in Transition, 315.
44 Ibid.
also transformed the physical landscape of major American universities. Between 1936 and 1956, military research and development investments established expansive federal laboratories: the Jet Propulsion Laboratory at CalTech, the Lincoln Laboratory at MIT, the Lawrence Livermore Laboratory at Berkeley, and the Applied Electronics Laboratory at Stanford being the most significant.\textsuperscript{48} Military grants had effects that extended past the physical science departments in universities. An official government study found that by 1952, the Department of Defense was also engaged in funding social science research on Soviet matters. Defense funding of social science research centers like MIT’s Center for International Studies and Harvard’s Russian Research Center are reflective of this. War funding had transformative effects on all disciplines in top American universities by merging national defense goals with academic goals in a manner that Dewey might have supported during WWI.

The persistence of a defense vision of civic duty was not certain in the immediate aftermath of WWII. Almost immediately after the end of combat, scientists hoped to maintain the same level of research funding during the war. Making a case for maintained funding, a 1945 report by the Office of Scientific Research and Development entitled, Science—The Endless Frontier, argued: “the most important ways for which the Government can promote industrial research are to increase the flow of new scientific knowledge through support of basic research and to aid the development of scientific talent.”\textsuperscript{49} This argument that persisted into the Cold War illustrated an attempt by university researchers to maintain the habit brought on by federal grants even after the war. In 1968, renowned cultural historian Jacques Barzun announced the “new university” as a “by-product of its own war effort… the Manhattan Project, the V-12 Program, the GI Bill of Rights… [catapulting] the university into its present headlong rush.”\textsuperscript{50} As other sections of this study will reveal, this “headlong rush” would eventually push the university into equating market interest with national interest.

Previously introduced as one of the initial promoters of defense research on campuses, a closer look at Vannevar Bush illustrates his relationship to John Dewey in redefining the university's goals of efficiency and civic duty. With the conclusion of the Second World War, Bush worried that federal interest in university research would decline. The sense of national urgency that prompted government funding for defense research dissipated after the war. Bush was awarded a Hoover Medal in 1946 for his work leading the OSRD. In his remarks upon receiving the medal, he quoted Herbert Hoover in rejecting claims that “the Machine Age” eroded liberty. Bush attributed these “imagined conflicts” to the inflexibility of the idea of liberty that must be molded and adjusted to present industrial potential.\textsuperscript{51} Bush would go on to consolidate his argument in his 1949 book, Modern Arms and Free Men: A Discussion of the Role of Science in Preserving Democracy. Similar to Dewey’s 1916 Democracy and Education, where Dewey explained the role of education in promoting democratic habits, Bush argued that “the bulwark of democracy is education,” a conviction that he believed was profoundly integrated in the national consciousness.\textsuperscript{52}

\textsuperscript{48} Washburn, University Inc., 42-3.
The launch of Sputnik in 1957 elicited the popular urgency that Bush was trying to spawn in 1949. “The application of science to war has become a determining factor in our figure,” explained Bush at the start of the Cold War. “Full national strength in every phase of national life is essential for our national well-being and perhaps for our own existence.”53 Bush’s concern that the public would lose interest in funding research at universities failed to materialize with the start of the Space Race. Like it did during the Second World War, the federal government would attempt to counteract its perceived military backwardness by funding university research. Between 1960 and 1968, federal funding for research in universities grew at an average of 14 percent every year.54 This substantial inflow of money changed universities dramatically. MIT linguist Noam Chomsky, at the time a student at Harvard, observed the effect that nationalistic scholarship had on the academic environment. Chomsky noted fading criticisms by academics of American war atrocities. He identified the nationalistic excitement among academics to the sudden superiority of American research that followed a long history working in the shadows of German and British researchers.55

The convergence of national, military, and academic interests became exceptionally apparent at UC Berkeley. On March 23, 1962, UC Berkeley’s first chancellor, Clark Kerr, stood beside President John Kennedy for a Charter Day address at Memorial Stadium. President Kennedy praised the University of California at Berkeley for housing more Nobel laureates in its faculty than “our principal adversary,” in reference to the Soviet Union. “It indicates…the great intellectual benefits of a free society,” he noted in comparison to the Soviet Union.56 President Kennedy positioned American universities, specifically physical scientists, as academic diplomats who had the potential to unite the world in a community of knowledge. “Cooperation in the pursuit of knowledge can be followed by cooperation in the pursuit of peace,” said President Kennedy.57 Standing beside the President during this revealing speech, Chancellor Kerr was well aware of the changing role of the university. Yet, like an American pragmatist, he attempted to manage these multiple roles while preserving the university’s independence.58 In 1964, Kerr explained that the “multiversity” was the product of a transformation characterized by “expanding claims of national service” and a merging of its activities with industry.59 In inaugural speeches for the University of California campuses in Riverside and Santa Barbara, Kerr revealed his pragmatic adherence to a service university. Alluding to Dewey, Kerr tasked the new campuses to “provide an environment which will encourage the development of the total student.”60 Kerr’s use of the term “educational environment” explicitly recognized Dewey’s conception of the university as an environment tasked with the production of civil habits. Berkeley’s student protests during the 1960s also paralleled the Progressive Era. Recalling the debate between Bourne and Dewey over the role of intellectuals and education, progressives like Mario Savio believed that academics were uncritical of the citizenship they promoted. The Liberal Democrat, a publication run by UC Berkeley students and recent graduates, denounced Kerr’s conception of the university as early

53 Bush, Modern Arms and Free Men, 223.
57 Ibid.
59 Clark Kerr, Uses of the University, 86.
as 1961. The magazine criticized Kerr’s promotion of a society with which he was not willing to critically engage. “Who wants to be an integral part of this society in its present circumstances of mannerism and decadence?” one article asked in reference to Kerr’s “multiversity.” Kerr often classified the tensions on the Berkeley campus as an undergraduate problem, yet strong objections were also directed at him from faculty members and public intellectuals.

Complaints from faculty, especially those at the University of California, illustrate the turbulence that accompanied this period of institutional redefinition. Reflecting on the influx of project-specific grants from the Department of Defense during the Cold War, UC Berkeley anthropologist Laura Nader pointed to the nationalistic civic duty that these funds reinforced. She identified “an ideology of freedom versus totalitarianism,” which she believed created “cold warrior academics…who acquiesced to external funding authorities.” Writing before the student movements of the 1960s, Professor Nader decried the widespread reluctance of the “silent generation” to critique these changes. A more public opposition to Kerr’s conception of the university would come from Professor of Philosophy Richard Lichtman. In a 1967 paper published by the Center for the Study of Democratic Institutions, Lichtman rejected the notion that the university’s goal was to “make skillful lawyers, or physicians or engineers,” instead proposing that it should aim to make “capable and cultivated human beings.” Lichtman pointed to Kerr as the main proponent of a “transformed” institution, concerned with the creation of what critical theorist Herbert Marcuse called “the one-dimensional man.” Observing the growing convergence of military, industrial, and academic interests, he decried Kerr for allowing the University, which once transcended the institutions it analyzed, to be absorbed by them. Like Bourne did nearly 50 years prior, Lichtman feared the replacement of a humanist civic duty—if it ever existed—with ideas of military and industrial service. Lichtman’s position was supported by a substantial group of public intellectuals, not to mention student demonstrators, who believed this transformation would exacerbate “social injustice, class privilege, physical and cultural deprivation, and the dehumanization of labor.” Paul Goodman, who gained notoriety for his 1960s *Growing Up Absurd*, a bestseller that explored dissatisfaction among the youth, supported Lichtman’s rejection of Kerr’s university. Goodman argued that Kerr was “interested in simply manning a complex society.” Kerr did not necessarily reject this idea of the university as a producer of labor; rather, he perceived it as a practical function for the university.

Kerr was a cautious scholar and a conflicted administrator. He personally responded to Lichtman’s article by accusing him of oversimplification, bad scholarship, and of “beating a dead horse that never lived at all.” Moreover, Kerr decried Lichtman for confusing an explanation of social relations with a promotion of them. To his point, Kerr’s essays and speeches reveal an administrator struggling to manage the multitude of interests and responsibilities facing

64 Ibid., 2-3.
65 Ibid., 3.
his “multiversity.” While Kerr initially expressed concern over universities that exercised an “evaluative role that was aimed more at destruction than reform,” he also expressed fear that more practical engagement with government and industry could create harmful incentives for the “money-seeking group on the inside” and the “for-profit group on the outside.” Yet Kerr championed even the more questionable external funding projects. Defending the development of the atomic bomb, he argued that while UC Berkeley scientists were central to the technological feat, they were also among the last to give up hope for a demonstration of the bomb’s power without harming civilians.

Kerr dismissed the critiques from faculty and students as utopian or disabling to democratic society and turned his attention to what he believed to be the true egalitarian problem for the University of California—the provision of education to the greatest amount of people. The 1960 California Master Plan for Higher Education, largely conceived by Kerr, was an attempt to clarify the roles of different institutions of higher learning to reduce competition among state campuses and increase access to higher education to citizens of all socio-economic and intellectual backgrounds. With his Dewey-inspired conception of schools as the institution central to national progress, the division of academic labor reflected an attempt to generate different levels of civic engagement for citizens who lacked the ability to serve in national research labs. Kerr envisioned the California State Colleges—now California State Universities—as the training ground for teachers and the California Community Colleges as the providers of a basic liberal arts and vocational education. With a three-tier approach, California’s education system would promote Kerr’s conception of national progress by contributing to economic growth and engaging directly with industry and government in research, while ensuring the sustainability of the system through the training of K-12 teachers. Serving as a “blueprint for public systems across the country,” Kerr’s Master Plan, considered the premier model for post-secondary school administration, was an attempt to organize University of Wisconsin president Charles Van Hise idea of the “university state.”

The case study of the University of California and its influential chancellor shows how the initial flow of military funding into universities transformed not only campuses but also the many institutions associated with it. Kerr’s description of the university as a “sensitive nerve center” is an apt one. Yet, this study is concerned with understanding the shift to market ideology in universities. This shift is directly linked to the development of military dependency on campuses and the growing identification of economic progress with democracy. While ignored by some contemporary scholars and activists, this seemed obvious in the late 1960s, as cultural historian Jacques Barzun noted: “Everybody knows what has happened to the university as an institution since the last war. It has moved from wherever it was to the center of the market-place.” Barzun’s

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68 Term introduced in the Godkin Lectures and in the subsequent The Uses of the University.
observation hints to the transition between military dependence to industrial dependence in universities—both around the allowance of project-specific research grants.

V. Lingering Habits After the Decline of the Military-Academic Complex

This paper suggests that increased government funding to universities was compatible with progressive reforms, which endowed universities with the responsibility of fostering civic duty and pursuing result-driven methodologies; however, federal funding in the form of defense grants redefined the goals of academic efficiency and citizenship by placing national military and economic superiority as a goal. The result was an evident change in the institutional environment and habits in America's most prominent research universities. These new habits were well reflected in a 1953 statement published by the American Association of Universities, entitled “The Rights and Responsibilities of Universities and Their Faculties,” which proclaimed that the principal threat to universities was “world communism.” Among the most consequential claims in the statement was its declaration that “free enterprise is as essential to intellectual as to economic progress.” However, the structural composition of the university would not fully reflect its new role until the early 1970s, following a significant decrease in federal research grants to universities (see Figure 1).

The market transformation of the university cannot be seen as simply the result of corporate pressures, but rather as the result of a dialectic relationship in which the university, society, and government each changed as they changed each other. An illustration of a convergence of interests, the 1970s was the decade of not only a forceful “counter revolution” on the part of free-market promoters, as is popularly argued, but also a time of economic uncertainty, political change, educational hesitancy, and popular discontent. These anxieties compelled many to look toward the market and universities for assurance. Together, these pressures most comprehensively explain a process that required both active promotion and receptive acceptance. Chancellor Kerr reflected, in 2001, that the current influence of private interests on the UC Berkeley campus was not wholly a result of aggressive business strategies: “[corporations] were,” he said, “after all, invited in.”

These invitations were granted with much greater frequency following a dramatic decrease in research funding by the Department of Defense. In 1968, the cycle of increasing federal funds that sustained the military-academic-research complex began to collapse, reaching its low point in 1979. Following the launch of Sputnik, grants to major universities had been increasing by 14 percent annually. In 1969, federal funds for academic research facilities fell by 43.3 percent. The decrease in federal funds can be partly explained by public opposition to the war in Vietnam, the high operating cost of military intervention in the war, a decreased need of

76 Ibid.
77 Table from James D. Savage, Funding Science in America: Congress, Universities, and the Politics of the Academic Pork Barrel (Cambridge: Cambridge University Press, 1999), 78.
80 Savage, Funding Science in America, 79.
81 Ibid., 79; Weissman, “Public Finance, Private Gain,” 18.
military innovation, and a mistrust of universities following the 1968 student protests. Complaints of the university’s role in military intervention also increased from within campuses following growing dissatisfaction with the Vietnam War. In January 1969, an assembly of forty MIT faculty members, most of them scientists and engineers, signed a “research stoppage” which demanded that the university find new sources of funding research. Pressures from outside and inside the campus were pushing campus administrators to find new sources of funding if they wished to maintain the research habits they had developed during WWII and the Cold War. The “golden age” of university funding had ended.

In allusion to Randolph Bourne and Richard Lichtman, the MIT faculty revolt demanded that the university find a way to turn “research applications away from the present emphasis on military technology toward the solutions of pressing environmental social problems.” Similar faculty revolts took place at Stanford over covert CIA contracts, as well as Columbia, American University, and George Washington University. As this paper has shown, just about every reformer of education claimed promotion of the social interest but was less convincing in identifying what this meant. It often lies to groups outside campuses to define social interests. At the start of the 1970s, the most pressing social problems were determined by the multitude of anxieties that plagued late-Vietnam American culture. Education reformers like Sidney Marland shared the concerns of educators and business leaders who feared a decline in the nation’s ability to produce able workers. Marland’s career education strategy, which elicited the financial support of private industry, was as much a reaction to social anxieties of growing unemployment as it was to the realization that “the public purse is closing on our fingers.”

Popular opinion agreed with Marland. A 1972 Gallup Poll on the public attitudes toward education revealed that “the public thinks of education largely in a pragmatic way” — 44 percent of respondents answered that the goal of education was “to get better jobs” and 38 percent “to make more money.” Exacerbating public anxieties about the future was the recession of 1974. Moreover, the oil crisis, the collapse of the Bretton Woods system, and the rise of new economically competitive players made many Americans doubt the superiority of their nation they had assumed since the end of WWII. Following these anxieties was the convergence of market capitalism and nationalism during the Cold War. Economic superiority was not only in line with traditional American individualism but also with the anti-communist patriotism. Industry and the market became increasingly perceived by society as tools for international competition. Conversations among conservative intellectuals also recognized the growing receptiveness to neoliberal ideas. In the 1980 meeting of the Mont Pelerin Society at Stanford University, Milton Friedman presented a paper in which he identified a “turning of tides,” which was uniting “ideas of human freedom and economic freedom.” Neoliberal economists and sympathetic politicians saw the tax revolts of 1973 as a signal that the general population had rejected New Deal and Keynesian economics.

The political and economic anxieties which led to a convergence of interests on market hegemony occurred in conjunction with cultural anxieties, shows Christopher Newfield’s

Unmaking the Public University: A Forty-Year Assault on the Middle Class. Newfield, a professor at the University of California at Santa Barbara, reinforces a central claim in this paper by explaining that by the 1980s, “American majority nationalism was refounded in opposition to Soviet communism [leading to a] security-minded economic nationalism.”87 However, he adds that this change was accompanied by a social attempt to morally discredit the pluralist and multicultural middle class that public universities produced. This series of modern “culture wars” can be first seen in the election of California Governor Ronald Reagan, who had “launched what became one of the most successful political careers of the twentieth century by depicting the University of California as a threat to social order and even national security.”88

What followed was a series of attacks to culturally neutralize the institutions that created a new middle class, one that elevated the culture of minorities and fused them with the growing knowledge economy. Reflecting their economic ends, culture wars were selectively destructive. Newfield explains: “The culture-war strategy was kind of an intellectual neutron bomb, eroding the social and cultural foundations of a growing, politically powerful, economically entitled, and racially diversifying middle class, while leaving its technical capabilities.”89 Newfield’s argument crucially adds anxieties over race, class, and culture to the crisis of the early 1970s in universities. This became a historical moment when the democratizing mission of the university was appropriated by the post-industrial economy. Newfield explains “this vision of the university as a privatizable knowledge factory coincided with a decline in the vision of broadened access and egalitarian development,” central to the Wisconsin model of the university.90

Social and ideological pressures, academic pressures, and the decline of government funding to maintain wartime research habits forced universities to look elsewhere for funds. With its post-Powell Memorandum mandate, the private sector was an extensive and eager source of funding. At the university level, Harvard University reflected the first major adoption of the military-academic research model to serve private interests with its 1974 contract with Monsanto.91 Within a few years, Columbia University’s deal with Bristol Myers and UC Berkeley’s agreement with Novartis would illustrate academic leaders embracing the “new ‘economic competiveness’ mandate, much as their predecessors had embraced a ‘national defense’ mandate for higher education.”92 The university did not only transform itself to maintain its habits, it was a product of cultural opinions and anxieties; it had been programmed to promote democracy and citizenship in a time when both were being increasingly redefined in market terms.

VI. The Role of the University in the Establishment of Cultural Hegemony

During this period of institutional readjustment, market interpretations of education gained public notoriety, replacing the military ones of prior decades. Educators like Oklahoma State University Professor Herbert M. Jelley equated a higher level in “consumer education” with economic and philosophical empowerment.93 But the question of how hegemony is formed is not one that can

87 Christopher Newfield, Unmaking the Public University: The Forty-Year Assault on the Middle Class, (Cambridge: Harvard University Press, 2008), 25.
88 Ibid., 51-2.
89 Ibid., 6.
90 Ibid., 9.
91 Washburn, University Inc. 4-5.
92 Ibid., 71.
93 Herbert M. Jelley, quoted in Business Education Yesterday, Today, and Tomorrow, 175.
be simply explained by changes in professorial outlooks. To approach the dynamics of institutional and popular ideological changes, they must be studied as embedded processes.

The complaints that introduced this study decried the structural privatization of universities as institutions that encourage students to think about education under a market paradigm. This raises the question of causality. Did market ideology change the university's structure, or did the changing structure of university funding change popular opinion? A convincing case has been made for both of these positions, but the concrete process by which this occurs is probably somewhere in between. Political theorist Samuel Huntington, as early as 1968, portrayed institutions as active agents in the construction and reinforcement of cultural and social changes. In Political Order In Changing Societies, Huntington pointed to the Darwinian behavior of institutions as a signal of cultural and institutional “modernity.”

In a similarly disenfranchising argument, New Deal institutional economist John K. Galbraith suggested a “culture of contentment” where institutions create needs and social character for an apathetic society. However, both Huntington and Galbraith, among the most cited social scientists in the U.S., failed to elaborate on the dialectic and often-discursive relationship between social changes and changing institutions like the university. As the American Pragmatists believed, universities were both products and creators of social consensus.

When culture becomes a principal subject of inquiry, the complicated inputs that create it and reinforce it make it nearly impossible to study.

Many academics gaining prominence in the 1970s interpreted the process of cultural and institutional privatization in American universities as an inevitable outcome of a market society. Samuel Bowles, the Harvard economist who wrote extensively on education during this period, observed that the “social structure of education reflects the social relations of production.” As production changed, so too would social structures of education, he suggested. Others, like Professor of Education David Gabbard, suggested that privatization was embedded in hierarchical divisions in universities. Gabbard argued that the university’s structure fosters “competitive individualism,” which resulted in the commoditization of education. These claims of inevitability seem to be substantiated by early critics of higher education like Thorstein Veblen, who in 1918 decried the “captains of erudition,” who corrupted education by “weighing scholarship in bulk and market value [and] selling it to the highest bidder.”

Others have pointed to the establishment of the land grant system in the midst of the Civil War as an early source of privatization. In their ambitious 1976 Higher Education in Transition, historians John S. Brubacher and Willis Rudy suggested that the movement into market academia began with the passing of the Morrill Act of 1862 and the subsequent founding of land-grant universities. These colleges and universities, which include the University of California system, had the explicit purpose of producing research for the

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agriculture and mining industries, while also maintaining “a reserve of trained military men in return for their education.” While significant and illuminating, this argument must consider the civic dimensions of the land grant university. Although land grant universities were established to produce technical research for the agricultural sector, they were fundamentally tied to the promotion a Jeffersonian idea of American civic life. Greeting visitors to Hilgard Hall, part of UC Berkeley’s original agricultural complex, is the bold inscription and mission “To Rescue For Human Society The Native Values of Rural Life.” Evocative of a Romantic manifesto, this inscription suggests that the agricultural focus of land grant universities also contained a civic mission. Whether or not the Morrill Act made the privatization of higher education inevitable, the model of the land grant university was used to welcome new societal and industrial needs in the Post War period. At the 1968 Centennial Meeting of the City College Chapter of Phi Beta Kappa, Clark Kerr delivered a paper in which he welcomed the rise of the “Urban-Grant University.” He used the term not to identify colleges in urban settings but universities that derived their funding from urban and industrial sources and thus maintaining responsibility to them.

The arguments of market inevitability stemming from the Morrill Act are akin to the neoliberal counter-revolution narrative in its dismissal of popular agency. These narratives that identify the culprits of privatization as either the market state or business interests in the 1860s and 1970s do not consider the convergence of interests that is often a precondition for hegemonic change. Correlation may be established, but causation is usually reciprocal. It is necessary to analyze the privatization of universities with models that are not deterministic. The transition of universities in the 1970s seems to be a reflection of processes postulated by theorists cited in this study. The first is Professor David Harvey’s claim that for any group of ideas to become dominant, they must appeal to “instincts…values and our desires, as well as to the possibilities inherent in the social world we inhabit.” The inflow of private funds to universities in the 1970s met all these qualifications. Not only were employment and economic profit among the desires of the general population, civic values during the Cold War were rebranded along market lines and the instincts of universities were closely linked to their research habits. Harvey’s model allows us to understand privatization from a receiving, or demand, side. Moreover, William James’ 1906 argument in “The Moral Equivalent of War”, previously cited as an important development in progressive epistemology, helps illuminate the supply, or coercive side, of the transformation. James acknowledged deeply ingrained individual and institutional habits of competition, pungency, and the love of glory. But rather than proposing a change to them, he proposed channeling habits away from a manifestation through war to international competition in the provision of domestic services and welfare. Similarly, neoliberal reformers of education did not propose a change to the propensity for grant-based military research in campuses; they simply redirected its goals away from defense and into the market place. These historical narratives are not intended to shift agency from very active private interests since the neoliberal revolution, but they do underscore the agency on the part of the citizenry, government, and history in a social process of consent and coercion.

102 Harvey, *Brief History of Neoliberalism*, 5.
103 William James, “Moral Equivalent of War.”
Antonio Gramsci provides a more useful understanding of the interplay between existing institutions, culture and different social classes in the production of hegemony. The rearrangement of social relation, he suggests, occurs when a class in society can make the convincing case that opposing word views, moral claims, and political suggestions are inadequate at addressing the needs of society at a particular historical point—an apparent convergence of interests. In public universities, the cementation of market hegemony came after a series of state-led transformations and the subsequent crisis these changes brought about (student protest, crisis of funding, etc.). The recommendations in the Powell Memorandum were not only welcomed by enterprise elites, but also by scientists, school administrators, and education reformers as the solution to widespread crisis.

The focus on pragmatic reformers during the early 20th century could raise the question of whether the process of privatization in American universities is pragmatism gone wrong; this is in many ways a contradictory question. Pragmatism implies multiple and coexisting rationalities where everyone, and every institution, acts differently according to his or her assumptions, goals, and habits. There is no one path to pragmatic progress. As the World War I pragmatists illustrated, even among progressive intellectuals different values and definitions are attached to abstract concepts of democracy and civic duty. The university continues to be a pragmatic institution, thus it continues to be the citizen-building institution envisioned by progressive reformers; however, the contemporary citizen is individualistic and entrepreneurial. This study also illuminates the importance of conceptions of civic duty in the to the function of the American universities. With the acceptance of the promotion of civic duty as an institutional goal, it depends on the occupants of universities to either accept historical definitions of these goals or actively engage to re-articulate them.

By placing state funding, social anxieties, and changing conceptions of civic participation at the center of the process of the academy’s privatization, one hopes for a more comprehensive narrative that grants agency to a broader set of entities in this historical process. This expanded historical narrative should compel critics of privatization, in government and on campuses, to question their role in unconsciously promoting a culture that reinforces a market ideology. Finally, the understanding of historical predispositions for privatization underscores the importance of understanding habits, both personal and institutional, in addition to the assumptions that underlie them. The accumulation of institutional habits, which in the case of American universities provided the structural bridge between military and corporate research, must be critically engaged. True reform of universities will require the mutual and dialectic transformation of all forces acting on it, and perhaps, most importantly, students.

By repositioning the state as a principal actor in the adoption of neoliberalism in higher education, this study builds on the work of geographer Gray Brechin. Focusing on UC Berkeley, Brechin’s Imperial San Francisco: Urban Power, Earthly Ruin suggests that before the university was an instrument of industrial and military research, it was an instrument of national imperialism. Brechin’s argument is illustrated by the 1897 announcement for a competition to design the Berkeley campus, which required that plans “should redound to the glory of the state whose culture and civilization are to be nursed and developed at its University.” Perhaps most relevant to this study, Brechin illustrates how the search for funding has historically transformed the university and made it inseparable from the interests of enterprise and the state. For an illustration of this see Brechin’s chapter “The University, The Gate, and ‘The Gadget.’”
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