

A Reflection on Austerity, Corporate Influence, and Privatization upon Higher Education; Increasing Inequality and a Suffering Earth

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What, Why, and How?

What is happening is fairly clear. How what is happening is occurring and how it is connected is less so, has not gained sufficient attention, and shall be the focal point of this paper. Who is responsible for what has happened is also quite clear. The responsibility resides with policymakers in most countries of the world. Why they are doing it is less clear but more relevant to this paper is why the voters in so many countries of the world allow policies to be pursued which are inimical to their economic and health interests.

What is occurring is the plundering of the planet through human induced climate change, other forms of pollution, and a host of additional ecological impacts. Sheer human numbers and the scale of human economy and settlement are in themselves robbing other species of critical habitat necessary for their survival. What is occurring also is a rather rapid increase in inequality both within countries and globally. Although certain countries such as China, in terms of per capita income may be improving verses others such as the USA, the individuals who make up the Chinese economy are becoming less equal. There are of course some who benefit tremendously from these trends. It is in their economic interest to keep the trends going. In order to accomplish that and to insure that nothing is done which promotes equality or the environment that would truly matter, particularly if it would jeopardize their economic interest.

In the case of the environment first they deny that climate change or species loss is occurring, then they deny that human economic activity is responsible, then, after they are forced by reality to accept those facts they will claim that it will cost too much to counteract either. Their final refuge when all else fails will be that it is too late to do anything about these environmental blights.

Those who benefit greatly from the trend in increased income inequality, who are not troubled ethically by it, adopt a similar strategy in regard to it. First they deny it is occurring. Then they deny that it is the direct consequence of policy. Then they claim that it would cost too much to change the trend. And then their final refuge is that it is really too late to do anything about it.

In recent years the power of climate change deniers has grown, as has that of those who deny that the increase in income inequality is occurring. The message of denial is rather resilient. It is a testament to the power of advertising and mass messaging to be able to convince an increasing number of people that neither trend is occurring despite overwhelming evidence to the contrary.

Policy makers are making this planet less habitable for future generations both by what they do and what they refuse to do. The top of the income distribution benefits disproportionately. Policy makers over the last thirty plus years through tax rate reductions for the wealthy, privatization of the commons and public assets, cuts in social and public infrastructure, cuts in social safety nets, the development of liberal trade regimes and the curtailment of the power of organized labor, have directly transferred income and wealth from the bottom and the middle to the very top. This is the result both of what has been done as well as what has not been done. Standard trade models in economics show the net benefits of tariff reductions. But they also show that there are losers within a society from those same tariff reductions, claiming that the net benefits are sufficient for winners to compensate the losers. In country after country the workers who are affected by tariff reductions in the form of reduced wages and even employment have not been compensated.

It cannot be known if these actions have been by design. It is virtually impossible to determine if there exists a well thought out plan to increase inequality and plunder the planet or ecological devastation and increasing inequality are the mere result of fortuity, the consequence of other pursuits. We do see time and again policymakers manufacturing a crisis and then under the pretense claiming they have no choice but to impose austerity or other policy. If these are the consequences of other policies then policy makers do seem indifferent to those consequences.

Why environmental devastation is bad is rather obvious and I will leave for others. Yet it does need to be more effectively communicated and even the best environmental message faces enormous obstacle and fervent opposition from vested interests. Why inequality is bad as well as the fact that an increase in inequality is occurring and what is responsible is not so obvious to people, although once it was. Academic institutions have played a special role in what is wrong but they can also play a special role in reversing these trends.

John Maynard Keynes thought income inequality was one of the leading causes of the Great Depression. The Fathers of the early Christian Church such as Basil and Jerome thought tremendous inequality to be inherently sinful. Great inequality is positively correlated with higher crime rates and a greater percentage of the population in prison. Thomas Jefferson considered great inequality to be a threat to Democracy itself as did both Franklin and Theodore Roosevelt. Great inequality segregates society into different classes, where the rich seldom encounter other classes except those other classes are servants. Social bonds consequently fray as individuals consume in segregated places vastly different food, clothing, and entertainment, and so the very notion of being a whole community evaporates.

Even as inequality has grown in many countries to unprecedented levels, people on the whole seem both unaware it is happening and even if they do, they seem not to appreciate why such inequality is bad. Perhaps it has something to do with the mass media culture that we live in. Those who benefit from plundering the earth and those who benefit from increasing inequality, those who like the trends, have many more vehicles to get their

propaganda out than ever before, even as the population as a whole has become more susceptible to manipulation and propaganda than ever before.

The rich and powerful have always been the few. They have always employed the strategy of divide and conquer against the many who are the working class. They have always claimed that what is good for them will ultimately trickle down to everyone else, that one harms the good of the King, the Emperor, and the Capitalist, only at one's own peril. They have always claimed that they deserve their good fortune either by divine right, or gods will, or because they are the most productive members of society. They deserve it while others do not. And they have always dangled carrots, that anyone, if they work or pray or desire hard enough, if it be granted by god, or the gods, or the fates, that they might have good fortune as well. So you may have a chance too, but don't ruin it by envy or questioning why things are as they are. The carrots may take different forms now such as winning a game show or being discovered on American Idol, or winning the lottery, or striking it big in the stock market, but the propaganda is so very much the same. What has changed is the multitude of vehicles the system has to put out its propaganda. Meanwhile there has been a disintegration of working class communities, ties, and bonds. Relationships among workers, civic organization, community groups, all once (think back to the 1890's) provided a means to discount the propaganda found in the newspapers owned by the rich, which for the most part aggressively defended the interests of the wealthy. Propaganda has also become more subtle and sophisticated and thus more effective as it is not so readily discerned as propaganda.

Debt Obsession and the Impact on Higher Education

The whole world seems to have fallen in love with Debt Obsession, and it is the wrong kind of debt obsession, debts that are far from real, debts on paper and computer screens. The real debt is with the earth, and with social justice, not so readily dispatched. We are passing to future generations an environmentally impoverished planet and a legacy of injustice and fraying community bonds. Debt obsession and the austerity that frequently follows was imposed on many an unwilling nation by the Washington Consensus. Today debt obsession plagues Washington D.C. even in domestic policies as it haunts the global corridors of power. Little seems spoken of today by policymakers other than the supposed need for austerity which in turn brings cuts in government services, cuts in regulatory agencies, including those which safeguard the environment and protect the rights of labor, the depletion of public and social infrastructure, and ever more privatization of public assets and the sale of what is left of the commons. All of this has resulted in increased power for corporations, lower wages, higher profits, and an increase in inequality even as people receive fewer services from government, diminished public spaces, and an ever compromised environment.

Of course the debt obsession does not cover all debt, such as corporate debt, financial institution debt, consumer debt, and student loan debt. The debt obsession is exclusively focused on government debt. And that is, as we shall see, because the obsession with government debt is a tool being used by those with very specific political goals.

The obsession with debt and the resulting austerity also creates a wall of obstruction preventing the creation of new national and global institutions and structures that are sorely needed to deal with the crisis of climate change, species loss, global poverty, and a host of other real problems that are only growing more acute with time. We need to be doing far more to avert a cacophony of crises but instead the little we have been doing, thanks to debt obsession we are now poised to do even less.

On the environmental front debt obsession, in addition to cuts in environmental enforcement agency budgets, creates tremendous pressure for privatization of public lands, cutting off the poor and middle class from greater access to nature and open space. Privatization of public lands will also lead to so called 'development', summer homes in mountain retreats for the global elite and loss of habitat for other species many of whom are endangered, and many more who will become so.

The obsession with government debt and deficits all too infrequently has led to demand for and implementation of tax increases on the rich and on corporations. Apparently in the United States it never leads to this. And so the debt obsession necessarily leads to an austerity heavily tilted towards cuts in vital government services and functions, which in turn produces greater inequality in both the pre and post taxes and subsidies income distribution. The cuts in public infrastructure and privatization of the commons in turn lead to a fraying of social bonds and the underlying fabric of community, even as increases in social inequality are also socially divisive and make true community much more difficult.

The fraying of community and the disintegration of social bonds in turn make individuals far more susceptible to the advertising and propaganda messages of the commercial system, a system that in various ways promotes a types of market fundamentalism which states in assorted manners that "government is bad and needs to be cut and cut and cut, that people never had it so good if only government would get out of the way, that the market system is just, the rich deserve their success – so don't punish them with taxes, that environmental regulations create economic bad times and that the environment has never been cleaner." Lack of community ties and bonds also makes people susceptible to messages designed to engender hostility among the masses to true education even as hostility to education, the intellect, and critical thinking condition them more so for the propaganda of the commercial system. Legislators in Ohio and other states attempted to limit the topics taught in courses in state colleges. Such legislation was promoted by David Horowitz's so called Freedom Center.

Sometimes the onslaught of mass media culture is so overwhelming that institutions of higher learning succumb themselves to it, as when Rutgers invited a character from the TV show Jersey Shore for a substantial honorarium. Sometimes institutions of higher learning thus become willing conduits of misinformation on behalf of the commercial system rather than playing the role of critical evaluator of that system.

The cuts in public infrastructure include cuts to higher education. This produces more inequality by forcing students to pay more for tuition, making college non-affordable to some and less affordable for others, all while saddling students with a greater amount of

debt even as wages for the jobs they will likely secure will pay a declining amount in real terms. This in turn will result in less spending by these students in their future lives, less economic growth for the nation, less revenue for government, and then even more debt obsession and more calls for cuts in government spending. And so the vicious cycle goes on.

The obsession with governmental debt has had additional impacts on higher education. Government spending reductions on higher education has sent colleges and universities scurrying after donations and gifts, chasing after money from corporations, and the wealthy. A prevalent ideology of debt obsession has contributed to the mimicking of the business model and corporate culture in the administration of the typical college. The same ideology that promotes debt obsession also identifies with market fundamentalism. And so market fundamentalism and debt obsession in teaching and research has been tolerated and even encouraged at many institutions of higher learning, particularly in Economics and Business programs. This has been sometimes due to ideology but also to solicit funds from sympathetic donors.

Debt obsession and austerity only reinforce certain trends in the academy. Those trends do exist for other reasons. Debt Obsession has been a tool in service to certain goals such as lower taxes, lower amounts of regulations, and a transfer of benefits, income, and wealth, from the poor and middle class to the very top of the income distribution. Debt obsession is a tool in service to market fundamentalism. It has enabled the capturing to some extent of higher education. In addition to government cuts to higher education, other vehicles for capture include the proliferation of for profit colleges and the increasing reliance of academic researchers on ideological think tanks, and corporations, who generally receive the research conclusions for which they were hoping and for which they paid. The documentary 'Inside Job' does a excellent job in exposing this practice in the field of economics in the case of research involving finance which was paid for by hedge funds and some key financial corporations. Debt obsession leads to austerity, leads to government cuts to higher education, and in turn leads to greater reliance on such grants for research and so higher education becomes more effectively captured.

A Liberal Education: More Needed than Ever

The type of education, that in the USA, we call the liberal arts, is more essential than ever for social cohesion, harmony within the human family and ecological balance between the human family and the rest of the natural world. Such an education exposes the student to a broad swath of thought and expression and encompasses the humanities, the fine arts, social sciences, natural science, and mathematics. It inculcates humanitarian values, the search for truth and wisdom, while helping to develop an informed citizenry capable of critical thinking and reflective action.

The issues that we face as individuals, societies, and entire civilizations, are increasingly complex and interwoven. A good solid education is increasingly important to understand the depth and breadth of the issues that we face. Unfortunately governments across the

globe are making access to higher education more difficult as demands for austerity cut education budgets and shift more and more of the financial burden of higher education onto the back of students and their families. As the price and burden of higher education rises, fewer students, *ceteris paribus*, are attending college. The need to repay huge sums of student debt is affecting career choice both during and after college. A career with a modest salary as a teacher, a park ranger, or a community organizer is increasingly untenable as the need to make vastly more rises with the need to pay off huge amounts of debt. And so the masses of indebted college students become a modern day form of indentured servant to the system of corporate capitalism, unable to pursue worthy humanitarian goals and ambitions.

Massive student debt funded education also is affecting the types of majors chosen as well as electives. This need to repay huge sums of debt is also impacting general education requirements, whittling such requirements in favor of an obsessive orientation focused solely specialization and vocational skills. All of this is impacting the composition of college faculty by discipline and changing the nature and structure of higher education.

At the same time institutions of higher learning depend more and more on individual benefactors, ideological think tanks and even commercial corporate donors for funds for general purposes as well as endowed chairs. In addition benefactors, ideological think tanks and corporate interests have also taken to funding the research of individual professors in effect paying for the research conclusion they desire. These trends encouraged by austerity are not only injurious to free inquiry but also place in jeopardy the very nature of the type of liberal arts education and the search for truth most needed by society.

Such trends foist the values of the marketplace upon higher education and lessen the values of the collective wisdom of the ages. The-for profit colleges are a threat to the traditional liberal arts model of higher education. While the values of the marketplace may pose as democratic and populist, they are in fact quite the opposite. In a market dollars not people vote and some people have vastly more dollars to vote with than others. In contrast in a real election it is one person one vote. My vote counts as much as a billionaires. So leaving things to the market is leaving it to the rich and to corporate interests. Whereas in a political election the people can potentially, if informed, have their say. The mere fact that many have come to think of the marketplace as somehow democratic or populist rather than plutocratic and hierarchical is a testament to the influence of moneyed interests. The essence of traditional higher education by contrast while extolling excellence is to value merit, equality, and the values of democracy. And such values are all the more manifest when the halls of the academy are open to all income classes of people.

Nowhere have such trends affected the very nature of education and research more so than in Economics and Business Education. Consequently students in far too many economics classes are graduating from college with the sense that the market works well, that the market is efficient, and that any attempt to deal with the increasing inequality ascendant in so many nations, will sacrifice efficiency and economic growth. What they are not grasping or are not sufficiently told is that standard economics has only proven markets to be efficient within the context of certain idealized assumptions and that without those assumptions that usually markets fail at being efficient. In reality markets fail and fail abundantly. What students are not grasping or are not sufficiently taught is that while too much equality would destroy incentives costing economic growth and causing inefficiency, no actual political economy has that much equality.

Austerity has proven itself to be time and time again a foolish Macroeconomic policy, completely out of sync with Keynesian or even Neo-Keynesian Economics. It has been disastrous for the nations carrying it out. Curiously it seems to be carried out regardless of who gets elected and how unpopular it is. As disastrous as it has been for the Macroeconomy austerity has been even more disastrous for higher education.

We must end austerity, particularly as it has impacted higher education. Standard economics can be used to make the case that higher education if not a public good is at least a private good with tremendous positive spillover effects, positive externalities. As a result of being educated there are of course benefits for the individual but also benefits for other individuals that the educated person has contact with as well as for society as a whole. A good with positive externalities, according to standard economic theory should be subsidized. And a good with substantial positive externalities should be subsidized by government substantially. It is not difficult to make the case that higher education is such a good.

In order for Economics and Education to properly engage in the search for wisdom and truth and to so equip students, both must be unencumbered from the commercial, economic, and ideological pressures engendered by austerity. Economics and Education can both be used in the service of Humanity. Both can help us to seek and build a better world committed collectively and individually to greater equality, social justice, and ecology. But both must be freed of the constraints occasioned by austerity in order to do so. We need desperately to build such a better world. Education and Economics in the service of humanity in a quest for values and wisdom is a critical part of that process.

Recovering the Academy in the Search for Truth: why the values of Ecology and Equality need to be taught in Economics and Business Education

Ecology and a healthy environment, as well as equality are public goods that markets cannot provide on their own. It is a standard tenet of economy theory that public goods will not be provided sufficiently by the market. In addition to their public goods nature (being

non rival in consumption and non-exclusive), both ecology and equality involve significant positive externalities which the market does not and cannot consider without some action by government. So once again if we leave it to the market we will not have either enough equality or enough of a healthy environment. If left to its own devices the market will destroy human society, human community, and the earth as well. Ecology and Equality enhance human welfare in narrow economic terms and in aesthetic or quality of life terms. The market pays scant attention.

Without healthy ecosystems and without sufficient equality the Order that serves as the foundation of markets, society, a high quality life, relationships, happiness, and human existence itself, will fray and eventually disintegrate. Equality and Ecology are ultimately more critical to human happiness, well-being and welfare than consumerism, materialism, markets, or corporate profits.

Apart from any utilitarian considerations, greater equality and respect for the environment are moral considerations for the sake of the poor, and for the sake of other species, other species have intrinsic value for their own sake, and the poor deserve a preferential option for their own sake. Other species as do the poor and the working class have value for themselves, and the intrinsic value of other species is not really considered by the human economy, and the intrinsic value of the poor and working class is scarcely given more consideration in the human economy.

Healthy and holistic communities are ultimately necessary to maintain healthy and holistic institutions of higher learning. Institutions of higher learning need to inculcate the values of Ecology and Equality into Business and Economics Education, in order for human beings ultimately to have a healthy community, a Whole Earth Economy, and a viable planet. Good ideas must circulate from the Community to the Academy and from the Academy to the Community. We cannot have healthy communities without greater Equality and Ecology. We will not have healthy communities until Colleges and Universities inculcate the values of Equality and Ecology, but institutions of higher learning may well find it impossible to do just that until our politics of debt obsession changes, and we have well-functioning and whole communities and economies which support all Education including Higher Education as a Public Good to which All are entitled. Far too many colleges and universities have come to rely increasingly upon the corporate dime and fortunes of the very well-to-do. And that is starting to unduly influence what is taught, how it is taught, and who is hired to teach.

And so what do we do first? The Big Push - It must all be done together for it is all connected.

In order to build a Newer and Better Global Social and Economic World that allows for real relationships between people of the present day and right relationship with the Earth, with other Species, and with Future Generations, we need nothing less than a New and Better Economics as well as a New Paradigm in Education.

The crises that we face are multiple, complex, and interwoven. The current Educational system is under stress, driven by budget cuts prompted by austerity, shifting onerous financial burdens onto students, affecting and limiting career choice, changing the very nature of education in a very narrow commercial and purely vocational direction. We need throughout Europe, the Americas, as well as the rest of the world, a new paradigm in education that while using the best of the past; the wisdom of the ages, the great philosophical and religious traditions and bodies of knowledge in the sciences, both natural and social, and in the humanities, but that also goes beyond them in both breadth and depth as well as in fluidity and flexibility.

New models of educating the whole person are needed. Whole person education includes physical activity, the search for spirit, and cultivating the values of global citizenship. It includes experiential learning and informal learning in community with others, service to others, and travel experiences for the sake of gaining a familiarity with a diversity of cultures and social values.

We most especially need a new economics, an economics that stops at nothing short of valuing everything that is truly valuable. We must find a way to acknowledge and consider in our calculations everything that matters to people, everything that brings joy, everything that brings sadness, that affects happiness, and everything that makes us human. But we must also value the world of nature, not just for the pleasure and joy and sustenance that humans derive from her, but the intrinsic value of the natural world to itself must be valued as well. We must also find a way to value what will be important to future generations.

We need a new economics that is freed of the constraint of the postulate of rational calculation. Human beings are so much more than what standard economic theory assumes. We are driven by passion and spirit every bit as much by rational calculation and a new economics must find a way to both appreciate and consider the complex nature of human beings. The Rationality postulates places human beings in an atomistic context essentially incapable of real and genuine right relationships. It assumes a type of myopia and narcissism, devoid of respect and reverence for the other, whether the other is other people, future generations, or the natural world. The rationality postulate of traditional economics unfortunately has helped to foster and engender in society the very type of self-centered calculation it assumes. Free of the constraint of rational calculation a new economics will better appreciate the complex nature of human beings as well as freeing society from an unfortunate influence.

Finally a new economics as well as a new paradigm in and for education must break the grip of austerity and market fundamentalism. There is a much needed great role for collective or public ownership in our institutions and structures, for laws and regulations which govern our markets, and for the social and civic sphere of influence in both

education and the economy. Austerity and Market Fundamentalism are not found in good traditional economics but many an economist and economic policy has today become their prisoner. A new economics must break the grip and influence of austerity and market fundamentalism, but it must do more than recover the best of the old traditions in Economics. A new economics for a new and better world must go where economics has not gone before. It must also break the constraint of rational calculation and find an effective way to value and consider properly all that is truly valuable.

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