Books in Review

Marc Bousquet, *How the University Works: Higher Education and the Low-Wage Nation* (New York: New York University Press, 2008).

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> *We have taken the great leap forward and said, "Let's pretend we are a corporation."*
> *—John Lombardi, former president of the University of Florida, in 1997*

This oft-quoted line, which serves as the epigraph for the introduction of Marc Bousquet's 2008 *How the University Works*, first appeared in a 1997 *Business Week* profile of Lombardi headlined "The New University."[1] In it, Lombardi is figured as the half-willing reformer-destroyer of a state university system whose legislature overseers "won't let him raise tuition but has cut university appropriations by 15% since 1991," who has no choice left but to run the campus like a business. Lombardi is regretful, but stoic. Forcing departments at the University of Florida to compete for slices of $2 million in supplemental funding by demonstrating productivity and profitability may have been destructive of educational priorities, but it was also "the new reality," a reality which Lombardi was simply among the first to recognize.

The reference to China's disastrous Great Leap Forward may or may not have been intentional, but it certainly is evocative. This is, after all, precisely the tension between academic praxis and managerial "excellence" that led Bill Readings to declare the university "in ruins" in 1996.[2] That same year, Bousquet—then a graduate student at the City College of New York, now a tenured associate professor in the English department at Santa Clara University—helped spearhead awareness of graduate student and contingent faculty issues at the 1996 MLA convention, a foundational moment in what has since become known as the "Contingent Faculty Movement." An issue of the journal *Works & Days* was devoted to his and others' work on contingent faculty issues in 2003. And, with *How the University Works,* he takes his place with Readings and Christopher Newfield (*Ivy and Industry*, 2004; *Unmaking the Public University*, 2008) as one of the premier theorists of the contemporary corporate university.

Bousquet begins with a pointed rejection of the Lapsarian myth-making that typically characterizes discussions about what has happened to the University in recent decades, a notion that due to pernicious external influence or betrayal from within the purity of the University has somehow been corrupted. Bousquet's University is not the victim of late capitalism; it is its agent. As Bousquet puts it: "Late capitalism doesn't just happen to the university; the university makes late capitalism happen."[3] An analysis of the student as already a worker forms an important part of this picture, as we will see—but it is worth taking a moment to simply peruse Bousquet's prodigious list of intersections between university capital and late capitalism writ large:

> apparel sales; sports marketing; corporate-financed research, curriculum, endowment, and building; job training; direct financial investment via portfolios, pensions, and cooperative venture; the production and enclosure of intellectual property; the selection of vendors for books, information technology, soda pop, and construction; the purchase and provision of nonstandard labor; and so forth.[4]

That's an awful lot being monetized at "not-for-profit" institutions. And most of these functions have little or nothing to do with humanistic paeans to the "value" of a liberal education or the fantasy of the pure pursuit of knowledge for its own sake; in fact, the intellectual mission of the University rapidly recedes into the background as a type of side business, if not, indeed, a kind of hobby. There's more truth than we might at first admit to the truistic assertion that NYU (to pick for a moment on the corporate entity responsible, among other things, for the publication and distribution of Bousquet's critique) is a real-estate trust running a college for tax purposes.

This corporatist ethos is not the fault of for-profit schools like the University of Phoenix, who still capture just a tiny portion of the market of education. Nor is it explained by the hopeless rhetoric of "realists" like Lombardi who speak gravely of economic necessity, corporate "partnerships," and "the bottom line." It is rather, Bousquet argues, the deliberate choice of a management culture in university administration that has self-consciously stylized itself after Wall Street, with superstar CEOs, disproportionately high administrative salaries, and recklessly expensive, resource-squandering pet projects. "The university under managerial domination is an accumulation machine," Bousquet writes; money squeezed from curriculum, faculty compensation, and student financial aid flows into a discretionary fund to be used by university higher-ups as they see fit, with little or no oversight from students, faculty, or the surrounding community at large. [5]

The explosion in administrative salaries to near-CEO levels becomes in this way a particularly scandalous component of the university's, with high-level university administrators regularly drawing salaries of a half a million dollars or more. Duke University, *Polygraph's* home institution, has paid basketball coach Mike Krzyzewski at least $1.5 million dollars a year since 2005while paying its full-time service workers $10 an hour—a minimum that was only extended campus-wide in 2007.[6] In *How the University Works* Bousquet catches Harvard paying the individual managing a single sector of the university endowment *$17 million* while compensating its lowest-paid workers just $17,000 per year.[7]

This last aspect of the business of the University—the endowment as investment portfolio—deserves additional scrutiny in the wake of the spectacular collapse of the international finance market in the last half of 2008. It wasn't so long ago, after all—only November 2007—that a *Boston Globe* headline proclaimed "Risk Pays Off for Endowments."[8] In that story Robert Weisman reported on a new study from Harvard Business School professor John Lerner and two graduate students, Antoinette Schoar and Jialan Wang, called "Secrets of the Academy: The Drivers of University Endowment Success," which traced the massive growth in university endowments since 1991.[9] A billion dollars invested in a typical university endowment, Lerner et al found, had become $3.68 billion dollars by the end of 2005, a growth of 10% per year or 268% overall—slightly less than that the comparative 278% growth of the Standard & Poor index over that time, though certainly nothing to sneeze at. But endowments at so-called "Ivy Plus" universities—Ivy League schools like Harvard, Yale, and Princeton alongside upstart rivals like MIT, Stanford, the California Institute of Technology, and Duke—turned that same billion dollars into $5.88 billion, a gain of 488%, an annual return of 13.8%. The Ivy Plus universities achieved this lopsided success through high investment in "alternative assets," i.e., hedge funds and real estate. Yale University in particular is singled out in the report for having 69% of its endowment targeted at these sorts of illiquid investments at the end of fiscal year 2006.

These high levels of return on investment did not go unnoticed. Bloomberg News reported in July 2008 that donation to university endowment was actually becoming a new and highly lucrative investment strategy for rich alumni.[10] Under the terms of an endowment-linked trust plan at one of these "Ivy Plus" universities, the principal of the trust becomes the property of the university upon the donor's death. In the meantime, the donor receives income each quarter from the trust matching the endowment's own returns—returns which, the article hastens to note, had outperformed mutual funds every year for a decade.

This new class of investment had been made possible by a 2003 IRS ruling that eased restrictions on the taxability of some returns generated by "nonprofit" charitable trusts like the university endowments. Now investments in one of these "charitable trusts" can tap into the full investment portfolio of a university endowment while remaining free of capital gains taxes and even still qualifying for an income-tax reduction like any other charitable donation. Harvard, which was the first university to receive IRS clearance to offer such an investment portfolio, had 700 such trusts (with a combined value of a billion dollars) linked to its endowment in 2007.

The university, in short, isn't just saying "Let's pretend we're a corporation." No one's pretending. The university is an investment firm with a tax deduction.

And, like any investment firm, the university is now suffering badly in the market downturn caused by the credit crisis. Returns from college endowments were down 22.5% on average in the first six months of fiscal year 2009, which began in July 2008, according to a report from the Commonfund Institute and the National Association of College and University Business Officers. Nearly all of these losses have come in the wake of October 2008's stock market crash.[11] (These endowments had already posted slimmer losses of 2.7% for fiscal year 2008.) These losses cut equally across cash-rich and cash-poor universities alike, with the Ivy Plus losses staggering in terms of raw numbers. Duke University alone lost a billion dollars from its endowment, nearly 20% of its total value.[12] Harvard, with the largest endowment in the country, lost 22% of its value during this same time—about *$8 billion* in losses, more than the total endowments of all but six American universities, with additional losses likely to mount as its real estate and private equity holdings are revalued downward.[13] Harvard says it is expecting a 30% loss in total endowment value by the end of 2009.

Some universities, like Columbia Law, NYU, Tufts, and Brown, are even reporting losses stemming from the infamous Bernie Madoff Ponzi scheme.[14] Yeshiva University, the worst hit, lost $14.5 million that they been led to believe was worth $110 million—almost a tenth of the original stated value of its endowment.[15]

The credit crunch has had secondary effects beyond immediate loss of investment. Having become accustomed to tapping endowments, and now facing diminished support from both private donors and state legislatures, colleges are having difficulty making operating expenses; at both public and private universities, cuts are everywhere: in departmental budgets, in building projects, in offered services, and in staff layoffs and faculty buyouts.[16] If we are good students of Bousquet, that final category cannot pass without comment—a financial crisis at a university naturally results in *buyouts* for university administrators and tenured faculty but in *cancelled contracts* for adjuncts, support staff, graduate students, and everybody else.

Anyone unlucky enough to be on the job market this year has seen firsthand the number of searches cancelled; InsiderHigherEd.com put the number of postings in the Modern Language Association's Job Information List down 21% for 2008-2009, the worst decline in the organization's thirty-four years, and the high-trafficked English Literature job wiki lists over seventy-five announced searches that were later cancelled or postponed—all in just one discipline.[17]

As the book's punning title suggests, to understand how the university works we must recognize both how it *functions* and how it *labors*—or, more properly, how it systematically exploits the labor of those in and around it, successfully employing its nonprofit educational mission as a smokescreen to avoid scrutiny and even basic regulation. In one of the book's most remarkable chapters, Bousquet provides the details of the "enterprise partnership" between UPS, the city of Louisville, and several of its campuses.[18] Students sign contracts with an organization called Metropolitan College, which offers no degrees or classes and functions purely as a labor subcontractor. In exchange for a commitment to work late night hours on an as-needed basis at low wages, students receive tuition remission at local colleges like the University of Kentucky (though most are steered towards cheaper community colleges to save UPS money in benefits). When students fail or drop courses due to the exhaustion inevitably caused by this grueling second-shift labor, UPS doesn't pay the benefit at all, leaving the student worker in debt with nothing to show for it—so it should come as no surprise that after a decade of the program, only 300 students have actually received a degree. This striking lack of academic success is no accident, Bousquet shows; in fact, it's the whole point. The program is designed so that its student-workers will fail, as that failure ties them down for years at a time to miniscule wages in an otherwise high-turnover, low-benefits position, all in pursuit of a fantasy bribe: a college degree.

But there is no fantasy bribe that Bousquet holds in greater contempt than the tenure system itself. The bulk of the book's critical attention (and ire) is directed at the rhetoric of the academic "job market," which in accordance with the economic ideology from which it is derived suggests that newly minted Ph.D.s, having completed their pedagogical training, compete against each other in a free labor market for desirable jobs. That "supply" of potential professors outstrips "demand" at any given moment is consequently coded as a regrettable economic reality (caused by external factors *x*, *y*, and *z)* that will naturally correct itself as the aging cohort of current tenure holders begins to retire, an event perpetually said to be five or so years off.[19] In addition to absolving tenured faculty to the injustices of a system with which they are complicit, such a rhetoric secondarily slides the onus of responsibility away from systemic failure onto the individual. Any Ph.D. who fails to get hired was obviously hawking an inferior product: herself.

In fact, Bousquet demonstrates, there is no market in jobs. Graduate education is better understood as a machine for producing cheap, contingent, "just-in-time" teaching labor, and far from somehow "failing" it is actually succeeding quite well. The holder of a Ph.D., in this calculus, is but a systemic waste product, which must be "flushed away" to ensure the continued flow of new, cheap laborers to fuel the machine. We should not be surprised, then, to find starting deficiencies in graduate student support, or degree achievement rates of 20% to 40% in the humanities, or a dearth in quality jobs for Ph.D. holders, or even that the attainment of the Ph.D. suddenly renders you "unqualified" to teach even the low-wage teaching jobs that paid the bills while you achieved it. And this is why, as Bousquet memorably puts the point, "in many disciplines, for the majority of graduates, the Ph.D. indicates the logical conclusion of an academic career": given the machine's real aims, how could it be otherwise?

Bousquet evinces a clear feeling of betrayal towards the generation of tenured faculty that allowed this situation to develop without any significant resistance. (This is where Bousquet's own tendencies towards Lapsarianism emerge most clearly.) If tenured faculty are not *exactly* quislings, tenure-holders are certainly complicit and even collaborative in the evisceration of the tenure system. Thirty-five years ago, only 25% of university instructional staff were non-tenurable; today, it's closer to 75%.[20] Over this time period tenured faculty have essentially pulled the ladder up after themselves, showing little interest in what was happening in the ranks below—allowing the creation of a multi-tiered system of labor that mimics what has happened in other spaces (such as domestic automobile manufacturing) under post-industrial capitalism. Solidarity simply does not exist between tenured faculty and contingent instructors, who (with even the term "faculty" reserved only for the tenured) do not possess the language to describe themselves, much less the class consciousness required to see their situation as anything other than a personal, private misery.

As Bousquet shows, cheap teaching is not a "victimless" crime: the casualization of instructional labor drags down the value of tenured instruction as well, though tenured faculty have shown no particular awareness or interest in this fact. Tenured and tenure-track faculty have to behave more and more like flexible faculty—teaching more sections, publishing more, taking on more and more noncompensatory "service" work, all in exchange for less compensation than any other professorial cohort in the history of the modern University. At some English and foreign-language departments, the bulk of courses are taught by undertrained graduate students without offices, computers, telephones, or even access to a photocopier, much less airy ideals like "academic freedom" or "contracts that last longer than a single year." This sort of alienated, disposable laborer can provide no real resistance to the long-term casualization of the University itself into "an education-free exchange of cash for credit"[21]—a recognition which necessarily invites a harsh contrast with the tenured faculty member who *has* these contractual protections and yet does not act.

One disturbing vision of the future of academia comes in Bousquet's attack on composition programs, which because of their comparatively late emergence manifest most clearly as a system of tenured managers and contingent, disposable instructors.[22] But this is not inevitable; there are other possibilities. Bousquet believes collective action on the part of the contingent is the only remedy for a university in such crisis:

> Unorganized graduate employees and contingent faculty have a tendency to grasp their circumstances less than completely—that is, they feel "treated like shit"—without grasping the systematic reality that they *are* waste.... By contrast, the organized graduate employee and contingent faculty share the grasp of the totality of the system that proceeds from understanding that they are indeed the waste of that system. They know they are not merely treated like waste but, in fact, are the actual shit of the system—being churned inexorably towards the outside: not merely "disposable labor" (Walzer) but labor that must be disposed of for the system to work. These are persons who can perform acts of blockage.[23]

Blockage includes acts of political theater like those performed by contingent faculty at Portland Community College, where adjunct faculty wore sandwich boards labeled "AD-JUNKED FACULTY" while scheduling meetings with students at outdoor trash cans. It includes blogs like now-vanished "Invisible Adjunct" and Bousquet's own howtheuniversityworks.com, which forwards his argument with chapter-length book excerpts, additional commentary, and even a YouTube channel featuring video interviews with some of the University's most underpaid information-workers. But blockage includes as its most immediate and most pressing concern the unionization of graduate employees and contingent faculty, a goal that begins on its back foot with the 2004 NLRB ruling which concluded that graduate student-workers at private universities are *not*, legally speaking, employees and so could not bargain collectively[24]—a Bush-era decree that stopped the graduate student unionization movement in its tracks, at least at private universities, after graduate students were successfully unionized at NYU in 2001. (In accordance with the Brown decision, NYU announced in 2005 that it would no longer negotiate with that union at all.[25])

Questions remain at the end of *How the University Works* as to the extent to which unionization alone can solve these problems, especially in the face of continued apathy from tenured faculty. It's telling that in cases where graduate student unionization has been successful, organizational support has tended to come not from tenured faculty but from maintenance and service unions—groups whose situation, it must be admitted, Bousquet shows comparatively little interest in, at least in this book. Would Bousquet's proposed "dictatorship of the flexible" include the *entire* campus, faculty, students, and service workers alike—or would contingent faculty, once ascendant, perform their *own* act of pulling the ladder up behind them? We should hope it would be the former, but that is by no means clear.

Likewise, might this book's critique be different if it were titled (say) *How Capitalism Works* or *How America Works*? To what extent would the restoration of adequate compensation and contractual protections to contingent faculty merely signal the restoration of a particular set of class privileges that historically have been unique to the middle and upper classes? At times Bousquet's comparisons—that, for instance, after twenty years of labor the English professor still earns less than an accountant, civil servant, public-school teacher, or entry-level lawyer—can leave the impression that the problem is less that unjust class stratifications exist than that contingent faculty have been slotted at the wrong level.

In other words, if "your problem" is really "my problem"—and I agree it is—don't the problems of late capitalism and flex labor go far beyond this particular mode of exploitation? When asked a version of this question during his own visit to Duke in 2008, Bousquet's answer spoke to the pressing need for activism to become local and personal, something one does for one's own benefit and not (as it is sometimes figured, especially on college campuses) some act of charity towards others—the need, in other words, for the theorist to "embody the critique personally."[26] And unquestionably there's something to be said for this. But we should be glad, too, that posts on Bousquet's blog, comments during his lecture tour, and the suggestive title of his planned follow-up (*Child Labor Campus)* give good reason to think that the next book will embrace a more global perspective—*global*, that is, in all senses of the word. Bousquet is absolutely right that the University is not some victim of late capitalism, but, indeed, makes late capitalism happen—which makes the coming to class consciousness of contingent faculty and their struggle for decent labor conditions a *beginning* to resistance, not its end. ▪

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1 Keith H. Hammonds, "The New University." *Business Week*. 11 December 1997. http://www.businessweek.com/1997/51/b3558139.htm
2 See Bill Readings, *The University in Ruins* (Cambridge, MA: Harvard University Press, 1996).
3 Bousquet, *44*.
4 Bousquet, 9.
5 Bousquet, 7.
6 "Coach K paid nearly $1.5 million at Duke." Associated Press. 20 March 2005. http://www.usatoday.com/sports/college/mensbasketball/acc/2005-05-20-duke-krzyzewski-salary_x.htm. "Duke to Require Food Service Contractors to Meet Standard for Pay, Health Care." 29 April 2007. http://news.duke.edu/2007/04/contract_pay.html.
7 Bousquet, 6.
8 Robert Weisman, "Risk Pays Off for Endowments." *The Boston Globe*. 2 November 2007. http://www.boston.com/business/globe/articles/2007/11/02/risk_pays_off_for_endowments.
9 Antoinette Schoar, Jilian Wang, Josh Lerner, "Secrets of the Academy: The Drivers of University Endowment Success." Harvard Business School Finance Working Paper No. 07-066; MIT Sloan Research Paper No. 4698-08. October 2007. Available at SSRN: http://ssrn.com/abstract=1027450.
10 John Taddel. "Entrusting Money to Duke Means Taking Ride to Bigger Returns." Bloomberg News. 17 July 2008. http://www.bloomberg.com/apps/news?pid=washingtonstory&sid=aVhGCXmJ4S1s. The story focuses particular attention the experience of Elizabeth Whitaker, 68, who had entrusted her money to Duke University's endowment managers the year before in July 2007 on the theory that, in her words, she was "not as smart as most of those managing Duke's money."
11 "Fortunes Falling." InsiderHigherEd.com. 27 January 2009. http://www.insidehighered.com/news/2009/01/27/endowments
12 James Gallagher. "Duke's endowment suffers $1B hit." *Triangle Business Journal*. 12 December 2008. http://www.bizjournals.com/triangle/stories/2008/12/15/story1.html
13 "Harvard Hit by Loss as Crisis Spreads to Colleges." *Wall Street Journal*. 4 December 2008. http://online.wsj.com/article/SB122832139322576023.html. The business of the Harvard endowment is a fairly remarkable story in itself. Its endowment is managed by a investment firm called Harvard Management Company with 200 employees; at the end of 2008, the same year the endowment lost $8 billion dollars, the top five executives at HMC received $21 million in *bonuses*. See "Harvard Management will cut staff by about 25%" and "Harvard alumni seek refund of $21m in bonuses" in the February 6 and January 29, 2009, editions of the *Boston Globe*.
14 "More Madoff Victims: Columbia Law and Brown." *U.S. News and World Report*. 22 January 2009. http://www.usnews.com/blogs/paper-trail/2009/1/22/more-madoff-victims-colum-

bia-law-and-brown.html; "Tufts, Yeshiva, New York Law School, and Harvard Hurt by Madoff." 22 December 2008. http://www.usnews.com/blogs/paper-trail/2008/12/22/tufts-yeshiva-new-york-law-school-and-harvard-hurt-by-madoff.html

15 "Yeshiva University Revises Madoff Losses to Just $14.5M." 30 December 2008. http://www.theyeshivaworld.com/article.php?p=27958. Mr. Madoff had actually served as treasurer of the university's board of trustees. There's no small irony here, and perhaps even an element of schadenfreude; as Bousquet details at length throughout *How the University Works*, it was the wrongly decided *NLRB v. Yeshiva University* case that gutted the ability of faculty at private universities to unionize on the grounds that tenure-stream faculty were managers, not employees, and ineligible for collective bargaining. See in particular Chapter 3: "The Faculty Organize, but Management Enjoys Solidarity."

16 See, for instance, Caitlain Moran and Reeves Wiedeman's "How the Economic Downturn Is Affecting Colleges: a Sampling" at *The Chronicle of Higher Education,* which surveyed more than 30 colleges nationwide for their spending cuts in the wake of the stock market collapse. 28 November 2008. http://chronicle.com/weekly/v55/i14/14a01501.htm.

17 "Disappearing Jobs." InsiderHigherEd.com. 18 December 2008. http://www.insidehighered.com/news/2008/12/18/jobs. "EnglishLiterature 2009-2010." http://scratchpad.wikia.com/wiki/EnglishLiterature_2009-2010#English_Literature_Jobs_for_AY_2009-2010.

18 See Bousquet, Chapter 4: "Students Are Already Workers." This chapter alongside the introduction are available as PDFs for free download at howtheuniversityworks.com.

19 Bousquet traces the origins of this myth to at least the Bowen report of 1989. See especially Chapter 5, "The Rhetoric of the 'Job Market' and the Reality of the Academic Labor System."

20 Bousquet, 2.

21 Bousquet, 42.

22 See Bousquet, Chapter 5. "Composition as Management Science."

23 Bousquet, 26-27.

24 The full text of the Brown University decision decision is available at the NLRB Web site at www.nlrb.gov/shared_files/board%20decisions/342/34242.pdf. Bousquet includes in *How the University Work's* a scathing dissent from NLRB board members Dennis Walsh and Wilma Liebman. In Jan. 2009, Barack Obama chose Liebman as the new chairwoman of the NLRB.

25 "NYU Severs Ties to Union." InsideHigherEd.com. 8 August 2005. http://www.insidehighered.com/news/2005/08/08/nyu.

26 Marc Bousquet, public lecture at Duke University, 25 April 2008.