

**HIGHER EDUCATION IN CRISIS: HOW ATTACKS FROM
CONSERVATIVES, ELITES, AND FINANCIERS HURT OUR
PUBLIC UNIVERSITIES**

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Abstract

When discussing the state of contemporary public higher education, the conversation centers around an unfortunate, yet accidental, institutional failure. With statewide funding and federal student aid decreasing overall,¹ universities have elected to cut programs, take on debt, and raise tuition and fees.² Rising prices leave students either unable to afford higher education or push them further into debt, decreasing enrollment at four-year public universities.³ However, this crisis did not develop on its own and students are not to blame. This structural imbalance results from a long-term attack by conservative thinkers, elites, and financiers who use higher education to retain power and maximize their wealth. As examples of these trends, white supremacist ideology used privatization to circumvent the desegregation of public schools ruled in *Brown v the Board of Education* (1954). Throughout the civil rights and anti-war movements of the 1960's, university administrations shifted the responsibility of paying for education onto students to keep them from demonstrating against oppressors.⁴ Private interests, bankers, and financiers used policy to further the assault on education through lobbying, tax avoidance, and investments. Tax loopholes create less tax revenue for already limited state budgets. Private nonprofit or for-profit institutions take the remaining subsidies, denying public universities crucial funding.⁵ This paper will outline the choices and events that created the current failure of public higher education.

¹ Ma, Jennifer and Matea Pender. *Trends in College Pricing and Student Aid 2022*. New York: College Board, 2022.

² Mitchell, Michael, Michael Leachman, Kathleen Masterson, and Samantha Waxman. *Unkept Promises: State Cuts to Higher Education Threaten Access and Equity*. Washington, DC: Center on Budget and Policy Priorities, 2018.

³ National Center for Education Statistics. *Total undergraduate fall enrollment in degree-granting postsecondary institutions, by attendance status, sex of student, and control and level of institution: Selected years, 1970 through 2030*. Digest of Education Statistics, 2021.

⁴ Maclean, Nancy. *Democracy in Chains*. Penguin Random House: New York, 2018.

⁵ Eaton, Charlie, *Bankers in the Ivory Tower: The Troubling Rise of Financiers in US Higher Education*. Chicago: University of Chicago Press, 2022.

“Without a politically guaranteed public realm, freedom lacks the worldly space to make its appearance.” – Hannah Arendt

Introduction

Public universities in the United States have gradually become more expensive, leaving students scrambling to afford an education that is simultaneously declining in quality as programs and services are cut. Administrators looking to remedy losses in state funding and enrollment levels turn to raising tuition and taking on debt. This inspires universities to behave more like businesses, protecting profits over student needs. How did this happen? Conservative media outlets blame students, claiming that they chose to take on debt without considering the consequences. Framing student debt as an investing failure implies there was a more affordable path to take when that is no longer the case. Even research focused on other causes, most commonly the 2008 financial crisis or COVID-19, ignores the extensive history of underfunding prior to these events. The real answer to the question is not so simple.

Beginning in the 1950's, conservatives pushed ideology attacking education as a public good. White male elites felt federal civil rights legislation threatened their culture, as universities were the greatest tool used to build social connections among the upper class. Privatization allowed them to either disregard this legislation or find creative loopholes around diversifying. Bankers and financiers,⁶ majorly coming from these elite universities, coupled this ideology with material interests. From the 1980's on, these financiers effectively changed policy regarding taxes, student loans, and higher education funding to benefit themselves. This paper will demonstrate how individual financial responsibility for college resulted not from personal choice

⁶ For the purposes of this paper, *financier* will refer to commercial or investment bankers, hedge fund managers, and private equity partners.

nor isolated events, but rather from a complex and long-term plan to harm public higher education.

The Ghost of Higher Education's Past

Higher education opportunities for working class families were a policy priority for legislators in the late nineteenth century until the mid-twentieth century. In 1862, Congress passed the Morrill Land Grant College Act, giving federal land and funding to states to develop agricultural and mechanical schools. The program created schools still present today, such as the University of Wisconsin and Rutgers University.⁷ The Second Morrill Act of 1890 provided states with only money, this time requiring states to focus on establishing schools for Black students. Many historically Black colleges and universities (HBCUs) began here, including Tuskegee University.⁸ These land-grant colleges reflected the government's interest in funding public programs and providing lower- and middle-class citizens with a practical education. The next significant commitment to public education came in 1944 with the Servicemen's Readjustment Act, referred to as the GI Bill, which provided funding for millions of veterans to attend college.⁹ As young men returned from World War II, they needed an affordable path towards career training and a well-rounded liberal arts education, and it was the federal government's job to finance it.

The Higher Education Act of 1965 was the next noteworthy development. Amongst other subsidies, the bill created a system of low-interest federal student loans to continue to support

⁷ *Morrill Land Grant College Act of 1892*, Public Law 37-108, 1892. Enrolled Acts and Resolutions of Congress, 1789-1996; Record Group 11; General Records of the United States Government; National Archives.

⁸ Lawrence, Margaret. *Celebrating the Second Morrill Act of 1980*. United States Department of Agriculture: National Institute of Food and Agriculture, 2022. <https://www.nifa.usda.gov/about-nifa/blogs/celebrating-second-morrill-act-1890#:~:text=On%20Aug.,in%20agriculture%20and%20mechanical%20arts.>

⁹ Servicemen's Readjustment Act, S.1767, 78th Congress, 1944.

low-income families. Congress reauthorized the bill in 1972, adding an amendment to create the Pell Grant program. Pell Grants are based on demonstrated financial need and are the largest federal aid source for students. Unlike the low interest loans the first HEA introduced, grant funds do not need to be repaid.¹⁰ From these policies came a clear precedent: public education must be publicly available, with extra aid provided by the government to those who struggle the most. If one has ever spoken to someone who attended college before 1980, they're likely to hear the same story. School could be paid for by working summers or perhaps a few hours during the academic year, by a parent with a reasonable salary, or through manageable loans. As students (and data) can demonstrate, this is no longer true. Legislators continued to reauthorize HEA until 2013 when the bill was set to expire. Congress has since extended the act instead of reauthorizing it. The lack of progress on HEA only serves to further emphasize the drastic difference in legislative priorities on public education between 1965 and today.

The Crisis in Higher Education

The dedication to advancing public education evident in the Morrill Act, GI Bill, or HEA is not what students, educators, and administrators experience at universities now. For one, states overall cut higher education funding by at least \$9 billion from 2008 to 2017.¹¹ These cuts caused tuition to rise nationally, about 31.4 percent from just 2010 to 2020.¹² In fact, students in most states pay more for tuition and fees than taxpayers do in overall funding to public universities.¹³ Public universities rely more on individual students than state budgets for support. Beyond a state level, federal grants and work-study awards decreased by 32 percent between

¹⁰ Dortch, Cassandra. *Federal Pell grant Program of the Higher Education Act: Primer*. Congressional Research Service, 2023.

¹¹ Mitchell, Leachman, and Masterson.

¹² Hanson, Melanie. *College Tuition Inflation Rate*. 2022. <https://educationdata.org/college-tuition-inflation-rate>.

¹³ Cohen, Donald and Allen Mikaelian. *The Privatization of Everything: How the Plunder of Public Goods Transformed America and How We Can Fight Back*. New York: The New Press, 2021.

2010 and 2021.¹⁴ The financial aid students and their families previously depended on is now primarily loans.

As a result of these policy changes, the country's collective student loan debt is \$1.75 trillion, with the average person owing just under \$30,000.¹⁵ Pell Grants, introduced previously in this paper, are no longer adequate. Most students who receive a Pell Grant still graduate with debt, unlike those who *do not* receive need-based aid. The student debt crisis also disproportionately affects students of color, with Black or Latinx students taking out more loans than their white counterparts. These loans affect them for longer as well. Black and Latinx students in 2003 owed 113 percent and 83 percent, respectively, twelve years after the initial loan with compounding interest. White students only owed 65 percent.¹⁶ This leads to a higher drop-out rate among minority students.¹⁷ High costs often deter them from attending in the first place, demonstrated by the 10 percent drop in enrollment at public four-year institutions between 2010 and 2020.¹⁸ This is dangerous for universities who now primarily rely on tuition and fee revenue to stay afloat.

To account for these losses, universities shift towards a corporatized model. Presidents are more likely to come from a background in business or administration instead of a tenure track in education.¹⁹²⁰ Therefore, leadership is focusing on increasing profits and cutting operating

¹⁴ Ma and Pender

¹⁵ Hahn, Alicia. *Student Loan Debt Statistics: Average Student Loan Debt*. Forbes Magazine, 2022.

¹⁶ Eaton 6

¹⁷ Douglas-Gabriel, Danielle. *Minorities and Poor College Students are Shouldering the Most Student Debt*. The Washington Post, 2015.

¹⁸ National Center for Education Statistics. *Total undergraduate fall enrollment in degree-granting postsecondary institutions, by attendance status, sex of student, and control and level of institution: Selected years, 1970 through 2030*. Digest of Education Statistics, 2021.

¹⁹ Toppo, Greg. *By One Measure, 'Nontraditional' Presidents Less Rare*. Inside HigherEd, 2018.

<https://www.insidehighered.com/news/2018/05/30/new-findings-cast-net-more-broadly-nontraditional-college-presidents>

²⁰ Farley, Anthony Paul. *Austerity and Academic Freedom*. *Academe* 102, no. 6: 35–37, 2016.

costs. Programs with little financial return value, such as arts or humanities, are abandoned in favor of more technical or high earning fields.²¹ Since schools rely on individual student funding, alumni donations, and endowments to fill the deficit left by state divestment, they are predominately interested in churning out as many potentially wealthy pupils as they can. Higher education is straying away from well-rounded, liberal arts curriculums in favor of becoming technical knowledge conveyer belts. There is certainly a place for purely technical tracks in postsecondary education, but they should not come at the expense of all other programs. This “profit over protection” mentality also applies to educators, as administrations abandon expensive tenure tracks for adjunct faculty. The University of Wisconsin-Stevens Point is an example of the changes corporatization causes. In 2017, administration laid off humanities faculty, cut courses, and threatened to dissolve entire programs. University leaders cowardly blamed their actions on students, who they claimed got distracted with “too much choice” and needed to be forcibly streamlined.²² Colleges cannot be morphed into businesses without hurting the populations they are meant to serve.

State divestment also affects how universities pay for their buildings. Expenses for new buildings and deferred maintenance on campuses are impossible to avoid, even in the tightest budgets. The state no longer foots this bill. Universities, like their students, turn to taking out loans to finance these expenses. In under fifteen years, institutional debt rose approximately 106 percent at public and community colleges.²³ Campus institutional loan agreements are often predatory, with some stipulating building associations can intercept already limited state funding

²¹ Buff, Rachel Ida. *Austerity is a Class War*. *Academe* 15-18, 2018.

²² Bencivenni, Marcella. *CUNY and the Erosion of Public Higher Education*. *Academe* 13-17. 2017.

²³ Schirmer, Eleni, Jason Thomas Wozniak, Dana Morrison, Rich Levy, and Joanna Gonsalves. *American Universities Are Buried Under a Mountain of Debt*. *The Nation*, 2021.
<https://www.thenation.com/article/activism/universities-student-debt-reveal/>.

if borrowers miss a payment. For wealthy non-profit institutions, this is not an issue. They take out loans as well, but the high interest rates are offset by returns on the massive endowments they receive from elite donors.²⁴ Public universities do not have these safeguards. The shift to business models within administration is demonstrated here as well. Universities have funds in reserve, essentially savings accounts. This money *should* be used to deal with crises, like funding educator's payroll in a deficit. However, these reserves are the capital that institutional loans are based on. Even if a university has the money for an expense, the business-minded administration will default to increasing student costs over touching reserves; just in case they need a bigger loan down the line. These austerity measures cycle through higher education repeatedly, signaling that the days of education as a public good are long gone.

The Blame Game: Explanations for Underfunding

Across the board, major players in the higher educational realm agree the current crisis has been building for some time. Dissonance, however, can be found in the exact time these concerns took hold. A common boogey-man is the 2008 financial crisis, which devastated global economies – including many sectors within the United States that are still recovering. States received less tax revenue as people lost their jobs and businesses closed, sending leaders to slash budgets wherever they could. Not even two years after the financial crisis, thirty-seven states cut money for public higher education.²⁵ There are no entitlement protections for this funding, unlike

²⁴ Eaton, Chales, et. al. *The financialization of US higher education*. University of California: Socio-Economic Review, Vol. 14, No. 3, 2016.

²⁵ Smith, Marshall S. *The Global Economic Crisis: Effects on U.S. Higher Education*. Procedia - Social and Behavioral Sciences, 77: 153-158, 2013.

with Medicaid, meaning the state has no standard provisions set for how much it must invest.²⁶ Higher education is the first area to be cut because it is the easiest to.²⁷

The 2020 COVID-19 pandemic furthered the strains already existing on university budgets. Institutions lost revenue from residential students as campuses closed to curb the spread of the virus. Many schools had to provide refunds for those who had already paid for the 2019-2020 year and would now be living at home. New costs, such as testing or masks, needed to be addressed with urgency. Online instruction also created new costs, with universities needing to revamp their technological capacity and infrastructure for remote learning. Enrollment suffered in the years following the initial March 2020 closures,²⁸ depriving schools of the revenue needed to remedy struggling budgets. Three years out from the initial campus closures in 2020, universities are still citing COVID-19 as the reasoning behind fee increases. The Coronavirus pandemic is too recent to be considered an effective explanation for the current state of higher education. While it is evident that the pandemic had lasting effects on higher education, the strains on university budgets are a symptom indicating an already crumbling system, not a cause.

Brown, Buckley, and Buchanan: Desegregation and Education

In May of 1954, the United States Supreme Court ruled public school segregation was unconstitutional in *Brown v the Board of Education of Topeka*. This case overruled the previous *Plessy v Ferguson* (1896) decision which found segregation was constitutional if the separate facilities were equal. Southern states found issue with this ruling, considering it an infringement

²⁶ Eaton, 41

²⁷ An exception to this general rule is the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This package granted billions to both institutions and students directly, with extra support for minority-serving institutions.

²⁸ National Center for Education Statistics. *Undergraduate Enrollment*, May 2022. <https://nces.ed.gov/programs/coe/indicator/cha>

on state's rights by the federal government. Virginia is at the core of the battle. State and local officials were so vehemently opposed to desegregation that to curtail the protections in *Brown*, Prince Edward County closed public schools entirely.²⁹ Other areas of the state introduced legislation aiming to follow suit. Eventually, parents of the 13,000 low-income white students that were affected by school closures protested these efforts. At no point should this be misconstrued as a show of support for diversity or equality. White parents who could not afford the private school alternative only mobilized when it was *their* kids at a disadvantage. *Wealthy* white parents advocated for a "segregation academy" openly.³⁰ Their efforts, continued organizing from Black families, additional student-led protests, aid from the Navy and National Guard, and increased pressure from the federal government eventually reopened public schools in the state.³¹

As *Brown* marked a milestone for Civil Rights activists, white supremacists found a hidden meaning in the case. The Supreme Court's decision marked a judicially ideological shift from interpreting based on state rights to individual rights. Intervention from the federal government after the ruling made it clear it would not back down from enforcing these rulings. For those in power, this meant a threat to their way of life. Popular conservative writer William F. Buckley espoused a white supremacist response to this perceived threat in a 1957 op-ed: "In some parts of the South, the White community merely intends to prevail – that is all. It means to prevail on any issue on which there is corporate disagreement between Negro and White." He embraces the sentiment that "the White community will take whatever measures are necessary to

²⁹ Brookover, Wilbur B. *Education in Prince Edward County, Virginia, 1953-1993*. The Journal of Negro Education: 62, no. 2: 149–61, 1993.

³⁰ Cohen and Mikaelian 23

³¹ Maclean 64

make certain that it has its way.”³² Buckley does not mince words concerning the racial motivation here. Though he was responding to increased efforts around expanding voting rights, he refers to school integration in the next section, and would later call for school privatization explicitly in other works.³³ These quotes highlight a real fear white elites had of losing their communities. Rich men, (including Buckley), belonged to country clubs and attended prestigious universities, where they would send their sons, all to build connections within the upper-class. If the government were to begin forcing those all-white spaces to allow others in, elites would lose this valuable resource for keeping power concentrated.

Other writers connected to Virginia promoted privatization as well. Journalist James Kilpatrick suggested the state irradicate tax-supported public education entirely, arguing it would save tax-payers money. This was not his true motivation. If Virginia did not rely on federal or public funds to bankroll schools, it would not be beholden to federal rulings on those funds. James Buchanan and Warren Nutter, professors at the University of Virginia also called for “unlimited privatization of education,”³⁴ asserting state-run schools had created a monopoly. They felt that with no outside competition, like the kind seen within private schools, administrators would have no incentive to improve school conditions. The two men encouraged the use of tax-subsidized vouchers for private schools, potentially funded by selling school facilities to private corporations.³⁵ Buchanan, Nutter, Kilpatrick, and Buckley were not just shouting into the void – creating this ideology also meant teaching it to others. Buchanan established the “Thomas Jefferson Center for Political Economy and Social Philosophy” at the

³² Buckley, William F. *Why the South Must Prevail*. New York City: The National Review, 1957.

³³ *Firing Line with William F. Buckley Jr.; Fls132; A Firing Line Debate: Resolved: That Government Should Not Discriminate Against Private Schools*. Hoover Institution Library & Archives, Stanford University, American Archive of Public Broadcasting (GBH and the Library of Congress), Boston, MA and Washington, DC, 1997.

³⁴ Maclean 66

³⁵ Maclean 67

University of Virginia with the express purpose of training “social philosophers” to reiterate anti-collectivist ideology.³⁶ In this story, all roads lead back to Virginia. Initial school closures united conservative minds that already existed in the state, garnering a kinship among them that served as fuel for a revolutionary private education movement.

James Buchanan eventually left the University of Virginia, but he did not leave his ideology behind. While working at the University of California, Los Angeles, Buchanan published *Academia in Anarchy* with colleague Nicos Devletoglou. The book strengthened his already well-established position on public schooling and provided a new framework for these arguments. It described students as consumers who do not purchase, educators as producers who do not sell, and taxpayers as financiers with no control.³⁷ Dedicated to “the taxpayer,” the book successfully paints public school students as leeches on victimized taxpayers. The original privatization campaigns began during a time when progress threatened white spaces. *Academia in Anarchy* was also born in a time of radical change, this time on campuses. From 1964 to 1970, Black student college enrollment doubled, especially in predominantly white colleges and universities.³⁸ Universities were also experiencing an increase in female students. Elite private institutions, like Yale and Princeton, started admitting women towards the tail end of the decade.³⁹ The Civil Rights Act of 1964 established certain equal opportunity standards, warning schools that those who did not comply would have federal funding withheld. This ultimatum is

³⁶ Maclean 46

³⁷ Buchanan, James and Nicos Devletoglou. *Academia in Anarchy: An Economic Diagnosis*. New York City: Basic Books, 1970.

³⁸ Williamson, Joy Ann. *In Defense of Themselves: The Black Student Struggle for Success and Recognition at Predominantly White Colleges and Universities*. *The Journal of Negro Education* 68, no. 1: 92–105, 1999.

³⁹ Jones, Stacey. *Dynamic Social Norms and the Unexpected Transformation of Women's Higher Education, 1965–1975*. *Social Science History* 33, no. 3: 247–91, 2009.

exactly what Buckley and Kilpatrick warned against in their writings, and the actualized fear reinvigorated the privatization agenda.

Buchanan's new campaign against public education centered around vilifying students and educators. He accomplished this by reframing the narrative around massive protests held on campuses across the nation throughout this decade. Students making demands for Civil Rights or anti-war policies were not trying to make their communities a better place; they had entirely lost respect for their education. At UCLA, students and faculty held almost constant demonstrations after several events, such as Angela Davis's firing, happened in rapid succession. This threatened the white, wealthy, male space Buchanan wanted to work in. *Academia in Anarchy* is nothing more than a playbook for how to crush disruptive protests and demolish dissent before it even begins.

Respect and Resistance

Following Martin Luther King Jr.'s assassination in 1968, students across the nation pushed for their universities to diversify their hiring and enrollment practices. James Buchanan worked in UCLA's economics department, which became the target of an anonymous bombing attempt when they refused to hire Black faculty. A few months after, two student Black Panther members, named Alprentice "Bunchy" Carter and John J. Huggins Jr., were murdered on campus.⁴⁰ Later that same year, university administration fired Professor Angela Davis for being a member of the Communist Party. Again, James Buchanan's economics department was noticeably the only department that did not object to the firing.⁴¹ These events gave rise to continuous protesting on campus, many where students were met with a violent police response.

⁴⁰ McReynolds, Devon. *Another Side of the Sixties: Black Panthers at UCLA*. Huffington Post, 2011. https://www.huffpost.com/entry/another-side-of-the-sixti_b_589322

⁴¹ Maclean 102-104

The make-up of these protesting groups is important to note. The majority came from the humanities or social sciences, the same departments administrators are drastically downsizing today. From 1968-69, Black students participated in 57% of protests held at predominately white colleges and universities.⁴² As seen in the firing of Angela Davis, faculty were often protesting or aiding protestors as well.

These facts directly influenced many ideas in *Academia in Anarchy*. The book describes students as disrespectful and contemptuous because they were not paying for their educations and did not understand the value it held. Tenure positions for educators gave them too much job security, meaning there was nothing to stop them from conspiring with these insubordinate students. Buchanan argues institutions should stray away from granting tenure and go as far as making faculty rent their office spaces. Instead of dealing with protestors individually, campuses needed to foster an environment where mobilization could never begin. Nancy MacLean's book, *Democracy in Chains*, offers an insightful summary of *Academia in Anarchy*

In essence, Buchanan and Devletoglou were arguing that if you stop making college free and charge a hefty tuition, ideally enough to cover the entire cost of each education, you ensure that students will have a strong economic incentive to focus on their studies and nothing else—certainly not on trying to alter the university or the wider society. But the authors were also arguing for something else: educating far fewer Americans, particularly lower-income Americans who could not afford full-cost tuition.⁴³

Time and energy are crucial resources for organizers. Working two or even three jobs to pay for college on top of course loads crushes any uprising before it even has a chance to take hold.

⁴² Williamson 94

⁴³ MacLean 105

Buchanan also depicted students as “a handful of revolutionary terrorists” aiming to “undo the heritage of centuries.”⁴⁴ Civil rights advancements destroy the power incubators white elites depend on in universities. The two cannot coexist in a system, therefore elites will do anything to ensure they safeguard their “heritage.” This framework of students as terrorists continues well beyond the 1970’s and causes violent police responses to demonstrations. Police on college campuses rose around 1980, which Wesley Strong argues was in direct connection to when university administrations started to “execute neoliberal reforms in the education system.”⁴⁵ Heavy police presence still exists on campuses but they are not evenly distributed. Armed officers occupy 38% of private university campuses and 92% of public university campuses.⁴⁶ The reason is simple. Primarily low-income and minority student bodies at public colleges have more to protest about, therefore a stronger hand is required to keep them obedient. James Buchanan was certainly not the first or only man to advocate for private over public education, but the ideas he produced both while teaching students and through *Academia in Anarchy* have the clearest connections to what students are experiencing today.

Financial Gains (and Educational Pains)

The previously mentioned social ties existing amongst elites are incredibly valuable within the finance industry, in both monetary and political gains. These positions, primarily held by white men, yield exorbitant wealth; hedge fund managers in 2014 had an average pay of \$2.4 million.⁴⁷ Financiers use social ties to collect information on investments, find job opportunities,

⁴⁴ Buchanan and Devletoglu x-xi

⁴⁵ Strong, Wesley. *CHAPTER TWO: Repression of Student Activism on College Campuses*. Counterpoints 410: 15–27, 2013.

⁴⁶ Anderson, Melinda D. *The Rise of Law Enforcement on College Campuses*. The Atlantic, 2015. <https://www.theatlantic.com/education/archive/2015/09/college-campus-policing/407659/>

⁴⁷ Neely, Megan Tobias. “Fit to be king: how patrimonialism on Wall Street leads to inequality.” *Socio-Economic Review* 16: 2 (2018): 365-385.

or evaluate risk, thus generating capital. Politically, financiers can call upon their networks to lobby for policies that enable them to make more money. These policies come at the cost of anyone outside the upper or upper-middle class, especially those at public universities.

The finance industry and higher education have a deep-rooted and parasitic relationship. Beginning in the 1980's, the same neoliberal policies that allowed for the expanded wealth capacity of financiers also destroyed state funding for education. President Reagan's cuts to capital gains taxes decreased financiers' liabilities, in turn decreasing state revenues. With limited budgets, states gave less to higher education. This principle also applies to the federal government, which loses around \$280 billion each year through tax avoidance. Financiers primarily come from elite institutions, meaning profit increases in the finance industry provide larger endowments from alumni, thus offsetting the state divestment.⁴⁸ These universities employ legacy admissions systems, cycling generations through their doors. Elite universities can continuously concentrate power and social capital without interruption while public universities struggle.

New policies also targeted students as an income source for financiers. Prior to 1980, approximately 12 percent of students needed loans to supplement their educations.⁴⁹ Reforms to the Higher Education Act in 1992 expanded the federal loan program, removed or increased caps on student borrowing, and centered private lenders in agreements. Financiers banded together to lobby politicians for these changes, calling upon existing social ties. For example, the White House lobbyist employed by loan provider Sallie Mae had gone to Yale with President Clinton.⁵⁰ This is only a surface level demonstration of how deeply entrenched elite connections are with

⁴⁸ Eaton 103

⁴⁹ Eaton 1

⁵⁰ Eaton 38

privatization. Financiers caused decreases in university budgets that raised tuition and fees, creating an opportunity for lenders to push for increased reliance on student loans.

Elites also use universities to generate new waves of conservative thinkers so they can continue to push financially beneficial policies. Schools experiencing budget crises are left vulnerable to intervention from private interests. At Florida State University, a multi-million-dollar donation gained the Charles Koch Institute access to faculty hiring decisions. At George Mason University, members of the Federalist Society were involved in faculty hiring and graduate student admission after donating \$20 million.⁵¹ By controlling educator demographics, elites can ensure conservatives ideals are being taught to students. This is exactly what James Buchanan had done through the Thomas Jefferson Center at the University of Virginia. The plan continues past collegiate levels as well. In 1996, a former Koch Institute advisor outlined how they planned to gain influence at universities, think tanks, and activist groups through financial means. Conservative ideas created at colleges are written into policy by think tanks, eventually being lobbied by those activists.⁵² Elites and financiers use higher education to establish impenetrable systems that build and protect their financial and social power.

A final piece of the puzzle is the rise of for-profit universities. These institutions are lauded as the solution to high education costs for students and as natural competition to public entities within the free market. Buchanan's ideas for educational improvement are prevalent here. However, for-profits are widely predatory, fraudulent, and financially devastating for low-income communities. In several cases, for-profits encouraged students to falsify financial info or

⁵¹ Cohen and Mikaelian 245-247

⁵² Lennon, Will. "The Koch network's integrated strategy for social transformation" *Open Secrets*, 2018. <https://www.opensecrets.org/news/2018/10/the-koch-networks-integrated-strategy-for-social-transformation/>

break federal rules.⁵³ These schools are more expensive than non-profit counterparts, have lower graduation rates, provide no salary advantage in the job market, and result in both higher loan amounts and default rates.⁵⁴ For-profits are eligible for the already limited funding for higher education, robbing public schools of the money they desperately need. Pell Grants that could be *actually* beneficial to low-income students are wasted here as well: “for-profit colleges captured 25 percent of all Pell Grant expenditures at their peak in 2011 – \$10 billion annually.”⁵⁵ If money was not lost on tax avoidance or for-profit Pell Grants, these awards could be doubled nationally and practically eliminate the need for loans among low-income students.

The Obama administration targeted for-profits by investigating and punishing fraud cases and removing accreditation. Several institutions were ordered to forgive loans, refund students, or settle lawsuits with the Department of Justice or Federal Trade Commission. Under President Trump, these efforts halted. Education Secretary DeVos, who is connected to the Koch Family, stopped all Obama-era policies almost immediately. DeVos hired several former administrators of for-profits to the Department of Education, allowing them to make policy regarding the institutions they financially benefit from.⁵⁶ Private equity managers purchased many of these for-profit institutions, further increasing their wealth off the backs of marginalized students.⁵⁷ The financial policy changes regarding higher education are difficult to fully explain in one piece, but there is a clear pattern demonstrating how financiers utilize social ties to gain money and power.

⁵³ U.S. Government Accountability Office, “For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices,” Report GAO-10-948T, 2010. <https://www.gao.gov/assets/a125201.html>

⁵⁴ Cohen and Mikaelian 250

⁵⁵ Eaton 105

⁵⁶ Cohen and Mikaelian 251-255

⁵⁷ Eaton 4

Wealthy alumni in the financial industry protect their elite universities with donations while public universities are damaged beyond repair.

Conclusion

By analyzing the current crises in public higher education through historical, ideological, and political lenses, we can begin to understand exactly why these problems are happening. White elites benefit from being the only ones allowed to access education and have used their resources to make it nearly impossible for low-income or minority communities to attend college without debt. Arguments for privatization are rooted in racism and white supremacist ideology, originating after public school desegregation. Conservatives have pushed privatization and deregulation, enabling the financialization of higher education to develop and birth the dilemmas that students, educators, and institutions are facing today. Education is no longer regarded as a public good. Instead, institutions operate as businesses making decisions based on maximizing profit, not on improving the lives of students. Humanities programs and student services are disappearing in droves. Those who are aware of these dynamics are unable to mobilize actions against them because students are forced to work more hours to barely pay for their education, leaving them no time or energy to effectively organize dissent. Increased reliance on adjunct over tenured faculty ensures that educators cannot fight back without risking their jobs. This leaves us with crumbling public universities, lack of class mobility, and a student debt burden at an all-time high. Conservatives, elites, and financiers meticulously planned for these complications over the course of nearly seventy years. The crisis in higher education does not indicate an institutional failure – it is evidence of a calculated success.

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