The Selling of Academe: American Universities in Service to Business[1]

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There has been a "virtual explosion over the past several years in the number and variety of university-industry alliances," concludes the National Academy of Science. The "relationship between academe and business is more cordial than it has been for decades," agreed the *Chronicle of Higher Education*. "[...] The sectors are increasingly resembling each other."[2] Thus quietly, while the right wing blows smoke, denouncing universities for harboring radicals, and the media hold up mirrors reflecting fanciful images of left-wing domination, a major change in the role of higher education is taking place: large corporations, conservative foundations and well-heeled executives are buying the ivory tower and transforming it into an annex for industry. Across the country, well-funded defense contractors are seducing physics and electrical engineering departments; pharmaceutical and biotech firms are wooing molecular biology, biochemistry and medicine departments; and IBM and a few high-tech chip-makers are bedding down with university computer science departments. Increasingly, industry is creating endowed professorships, funding think tanks and research centers, sponsoring grants, contracting for research, and influencing who is hired as faculty and consultants. Under this cozy arrangement, students, faculty and universities serve the interests of corporations, not the public, as they sell off academic freedom and intellectual independence.

The auctioning of academe to the highest bidder extends from the Midwestern college that adopts a corporate logo for its sports team to the selling off of major research programs at top universities. At the Massachusetts Institute of Technology (MIT), for example, a number of elaborate programs serve corporate interests. One of these is MIT's Industrial Liaison Program (ILP), which charges 300 corporations from $10,000 to $50,000 per year in membership fees. Like campaign contributions, the fees buy corporations "access"—in this case to research reports by MIT faculty, to 70 symposia and faculty seminars, and to personal attention from MIT academics. As the ILP catalog describes it, MIT places "at the disposal of industry the expertise and resources of all the schools, departments and laboratories of MIT." [3]

Professors are encouraged to participate in the ILP by an inducement program patterned after the coupons on the top of Betty Crocker cake mixes. They can redeem "points" they accumulate by involvement with member corporations for travel to professional conferences, computer equipment, office furniture, or other prizes. MIT awards each faculty member one point for each unpublished article that is made available to an ILP member, two points for a phone conversation or a brief campus meeting with a corporate member, 12 points for a visit to a company's headquarters or lab, and so forth. Each point is worth about $35 in prize money.[4]

Another program that ties MIT to industry is the New Products Program (NPP), a joint project of the mechanical engineering, electrical engineering, and management departments. Under it, corporations pay the university $500,000 to develop a new product within two years. Three faculty members and four graduate students are assigned to work on the product, and the students wind up devoting more than half of their time to it. In effect, students pay big bucks to participate in an internship.[5]

Program Director Woodie Flowers said he is "90 percent sure" that MIT will shut down NPP by September and open a new program under the School of Engineering. The National Science Foundation, Ford, ITT, Xerox, GM, and Polaroid have already committed $30 million to be spread out over an 11-year period.[6]

Similarly, Rensselaer Polytechnic Institute operated the Center for Product Innovation which conducted research for corporate clients. Its supporters including Timex, General Dynamics, and Norelco underwrote the center and funded specific projects. One of the center's most widely heralded projects was redesigning a coffeepot for Norelco. The University of Texas' Center for Technology Venturing also works on projects for corporate clients such as 3M, Ford, and Dell Computer Corp.

Pouring Rights & Wrongs

The University of Minnesota (U of M) described by former National Endowment for the Humanities head Lynne Cheney as a bastion of political correctness[7] typifies the extent of the alliance between industry and academia. In 1996, for example, U of M signed an exclusive agreement with Coca-Cola, giving the soft drink exclusive "pouring rights" on campus and making it the official sponsor of on-campus promotional events, such as the "Diet Coke Volleyball Classic." Its College of Liberal Arts houses the Personnel Decisions, Inc. Professorship of Organizational and Counseling Psychology, funded by a firm that develops psychological tests given to prospective employees; the Mithun Land Grant Chair of Advertising, named for an owner of the Twin Cities' largest advertising agency; and the Elmer Andersen Chair in Corporate Responsibility, named for a former Minnesota governor and CEO of the H.B. Fuller Co., a paint and adhesives manufacturer that exports products banned in the United States, including the toxic glue sniffed by street children in Third World countries.[8] U of M's business school is named for the owner of the Carlson Travel Network, the university's preferred travel agency; and professors in the medical school have used their laboratories to conduct research for firms such as Curative Technologies and Endotronics, in which they had financial interests. Within the School of Journalism is a research center called the China Times Center for Media and Social Studies, funded by a Taiwanese newspaper magnate and political leader that "seeks humbly to promote" democracy in China, Taiwan's bête noire.[9] The university "needs to make no apology for affiliating with private industry. This is part of our mission; always has been," says retiring U of M President Nils Hasselmo.[10]

CEOs and Their Boards

Hasselmo's attitude is similar to that of other university presidents, who increasingly come from corporate board rooms, foundation suites, and smoke-filled back rooms. Michigan State University's president is Peter McPherson, a former Bank of America executive who worked in the Ford and Reagan administrations. The new chief of the University of Massachusetts is former state senate leader William F. Bolger, and the new head of Wesleyan College is former Agency for International Development and National Public Radio chief Douglas J. Bennet, Jr.

One reason why university boards of trustees prefer presidents like McPherson and Bolger is that these individuals promote university-industry ties. As the head of Michigan State University's industrial relations office observed, the institution is now "trying to make an atmosphere where faculty members feel they can be more entrepreneurial. [...] I think that with

Peter McPherson [as] our president [this will happen], he's had a business background and he's encouraging this kind of thing."[11]

Adding to the happy atmosphere of collegiality, university presidents and chancellors often serve on the boards of directors of corporations that have close ties to the universities. University of Texas (UT) Chancellor William Cunningham sits on the boards of Jefferson-Pilot Corp., John Hancock Fund Management Co., and La Quinta Motor Inns, Inc., which established UT's La Quinta Motor Inns, Inc. Centennial Professor of Business. And until several conflicts of interest concerning Cunningham were exposed, he was also paid $40,000 annually as a board member of Freeport-McMoRan Corp., a New Orleans-based mining company accused of environmental pollution. After the chancellor's ties came under public fire, he resigned his board seat and cashed in his stock options, netting a $650,422 profit.[12]

Some of the fruits of the Cunningham/Freeport relationship remain: for a contribution of less than one-twelfth the cost of the building's construction, UT named its molecular biology building after Freeport's CEO James Robert ("Jim Bob") Moffett and his wife. Freeport had also endowed a professorship in UT's geology department, held by a professor doing geological research for Freeport in Indonesia, where the company collaborates with Suharto's dictatorship.[13] Freeport's contract for this research allowed it to review any academic articles the professor wrote before they were submitted for publication.

Cunningham is one of many university administrators serving on corporate boards. City University of New York Chancellor Ann Reynolds sits on the boards of Abbott Laboratories, Owens-Corning, American Electric Power, Humana, Inc., and the Maytag Corp. Her $150,000 annual salary as chancellor is approximately doubled by what she gets as a board member.[14]

President Stephen Trachtenberg of George Washington University is on the boards of Loctite Corp., MNC Financial, and the Security Trust Co.

Universities return the favor. The domination of university boards of trustees by captains of industry further explains why these boards appoint presidents and chancellors with pro-industry biases. New York University's board includes former CBS owner Laurence Tisch, Hartz Mountain chief Leonard Stern, Salomon Brothers brokerage firm founder William B. Salomon, and real estate magnate-turned-publisher Mortimer Zuckerman. The composition of boards at smaller colleges is similar. The board of trustees of the University of St. Thomas in St. Paul, Minnesota, includes executives from Montgomery Ward & Co., Graco, Inc., 3M, Waldorf Corp., Opus Corp., and Honeywell.

Paying for Secrets

Although universities often claim that corporate monies come without strings attached, this is often not the case. Contracts for research, such as the one between Freeport-McMoRan and the University of Texas, frequently include provisions giving corporations some control over the dissemination of research results. A study published in the New England Journal of Medicine reported that the majority of companies entering into biomedical research agreements with universities require that the findings be "kept confidential to protect [their] proprietary value beyond the time required to file a patent."[15]

According to the National Cancer Institute's Steven Rosenberg, this secrecy is impeding scientific research. He contends that "open discussion among scientists, even about the preliminary results of ongoing experiments [...] can play an important part in advancing research." Instead of an early and fruitful exchange of ideas, the secrecy agreements have imposed "the ethical and operational rules of business" on scientific researchers.[16] Not all contracts contain language that merely restricts when research findings can be made public. Some contain paragraphs giving the corporate contractor the right to determine whether the results can ever be released. A British pharmaceutical corporation, the Boots Company, gave $250,000 to the University of California San Francisco for research comparing its hypothyroid drug, Synthroid, with lower-cost alternatives. Instead of demonstrating Synthroid's superiority as Boots had hoped, the study found that the drugs were bioequivalents. Professor Betty Dong, who conducted the study, submitted her findings to the *Journal of the American Medical Association*, which subjected it to rigorous blind-review. The information could have saved consumers $356 million if they had switched to a cheaper alternative, but would have undermined Synthroid's domination of the $600 million synthetic hormone market.[17]

When Boots found out about the scheduled article, it stopped publication, citing provisions in the research contract that results "were not to be published or otherwise released without [Boots'] written consent." After Boots announced that the research was badly flawed, Dong was unable to counter the claim because she could not release the study.

If the Shoe Fits

Even contracts that appear benign can have strings that choke academic freedom. In 1996, the University of Wisconsin signed a multimillion-dollar contract with Reebok, granting the running shoe manufacturer exclusive rights to make and market athletic apparel bearing the Wisconsin logo. In addition to paying coaches for promotional appearances for Reebok, giving financial support for the university's

CORPORATE EASY CHAIRS

Ronald Reagan Chair of Broadcasting, Alabama

Lego Professor of Learning Research, MIT

Dow Chemical Co. Research Professor of Chemistry, Northwestern

Sears Roebuck Professor of Economics, Chicago

Nissan Professor of Economics, Chicago

Federal Express Chair of Excellence in Information Technology, Memphis

Fuyo Bank Professor of Japanese Law, Columbia

Hanes Corp. Foundation Professorship, Duke

Bell South Prof. of Education through Telecommunication, So. Carolina

Coca-Cola Professor of Marketing, Georgia

Krupp Foundation Professor of European Studies, Harvard

McLamore/Burger King Chair in American Enterprise, Miami

Reliance Corp. Prof. of Free Enterprise and Management, Pennsylvania

Foley's Federated Professor in Retailing, Texas

United Parcel Service Foundation Professor of Logistics, Stanford

Republic Bank Professor of Finance, Texas A&M

Rockwell International Chair of Engineering, UCLA athletic program, and providing student internships at Reebok's headquarters, the contract included an Orwellian clause: "The university will not issue any official statement that disparages Reebok [... and] will promptly take all reasonable steps to address any remark by any university employee, including a coach, that disparages Reebok."[18]

Although university administrators publicly disclosed many other provisions of the Reebok contract, they kept the speech-restriction clause secret until the last moment. When it was finally disclosed as the contract was going before the board of trustees for approval dozens of UW professors signed a letter of opposition. Embarrassed by the flak and the exposure of their willingness to sell out the First Amendment and academic freedom, university administrators retreated, asking Reebok to cancel the speech-prohibition paragraph. Facing a public relations disaster, Reebok quickly agreed.[19]

Not content with buying specific research projects and athletic programs, corporations have put their stamp on academic departments by endowing chairs. The Carlson Travel, Tour and Hospitality Professorship at U of M, endowed by the owner of the Carlson Travel Network, provides money for the Carlson Chair for research on issues of interest to the travel industry. The executive vice president of the Minnesota Restaurant, Hotel and Resort Associations praised this research funding, saying, "We'll have data on who comes to Minnesota and why, why people fail to return, and other statistics that we need to make decisions about advertising, marketing and promotion."[20] Even when there are no visible strings, says University of New Mexico professor Gilbert Merkx, "there is always a natural inclination to be grateful to the donor."[21] Cal Bradford, a former fellow at the U of M's Humphrey Institute for Public Policy, says that outside funds "determine what universities will teach and research, what direction the university will take. [...] If universities would decide that they need an endowed chair in English, and then try to raise the money for it, it would be one thing. But that's not what happens. Corporate donors decide to fund chairs in areas where they want research done. Their decisions decide which topics universities explore and which aren't." After he criticized university ties to corporations, Bradford's contract at the Humphrey Institute wasn't renewed.

Ties that Blind

Two changes in federal laws have helped cultivate the current relationship between universities and business: the 1980 Bayh-Dole Act (University and Small Business Patent Procedures Act P.L. 96-517), which was supplemented by a 1983 executive order extending the legislation to large corporations; and the 1981 Recovery Tax Act (P.L. 97-34). The 1980 law and the executive order allowed universities to sell corporations patent rights derived from taxpayer-funded research. The result is a covert transfer of resources from the public to the private sector. The 1981 law made the arrangement even more lucrative for corporations by increasing the tax deductions they could claim for “donations” made to universities.

Corporations jumped at the opportunity. While federal tax dollars fund about $7 billion worth of research, corporations for a relatively small investment can buy access to the results, at just a fraction of the actual cost. Given this direct subsidy in taxpayers’ dollars, plus the tax benefits, it is little wonder that corporate dollars going to universities almost tripled from $235 million in 1980 to $600 million in 1986. By 1991, the annual corporate investment had increased to $1.2 billion, and by 1996 to around $2 billion.[22]

The benefits to corporations from these investments is demonstrated by an agreement between Sandoz Pharmaceuticals and the Dana-Farber Institute, a Harvard University teaching hospital. Sandoz gave Dana-Farber a 10-year, $100 million grant for research on cancer drugs. In return, Sandoz got the rights to any discoveries made by professors who had accepted Sandoz dollars, even if the actual discoveries weren’t funded by the Swiss pharmaceutical giant. Under this agreement, Sandoz was given the commercial rights for a method of identifying a mutant gene linked to colon cancer, even though the mutant gene research was primarily funded by the US government, that is, US taxpayers.[23]

This windfall of corporate welfare does not come without some work by the corporations. In May 1996, after several Republican budget cutters suggested that funding for scientific research be scaled back, university representatives and corporate CEOs met privately with House Speaker Newt Gingrich to lobby against cuts in biomedical research. After the meeting which included representatives from universities and executives from Biogen Corp., Bristol-Myers Squibb, Chiron Corp. and Pioneer Hi-Bred International, Gingrich endorsed a $655 million increase in federal funding for the National Institutes of Health, $175 million more than the agency had requested.[24] The success of the lobbying effort indicates the power and influence of the new university-industrial complex.

The biotech and pharmaceutical executives lobbied Gingrich because federal research funding represents a significant government subsidy for their industries, which receive the benefits of the work without paying for it. However, government grants are just one method involving universities for transferring resources from the public to the private, for-profit sector. Another transfer occurs when universities use federal and state tax dollars and tuition monies to build state-of-the-art research facilities. Corporations then use them and save the cost of building their own. When the low pay of graduate students who comprise the majority of research assistants is added to the equation, universities can perform bargain-basement research tailored to corporate needs.

The high costs associated with conducting cutting edge research provide a plausible explanation for the soaring tuition fees of the last decade. Although universities have long claimed that grants and contracts for scientific research subsidize programs in the liberal arts and humanities, this is not the case, according to a financial analysis conducted by the Chicago Tribune. Using financial records obtained from the University of Rhode Island, the Tribune found that tuition dollars including those from students in the liberal arts and humanities subsidize scientific research.[25]

Although the university's president disputed the study's methods, he nevertheless conceded that around $400 of each student's tuition may subsidize research.[26] While the subsidy is small, what corporations get from taxpayers through research grants and laboratory construction at universities points to a larger problem. What he didn't say is that this type of research has changed the purpose of universities, making them centers for corporate R&D rather than centers of instruction—servants of Mammon rather than of Minerva.

Notes

1. This article was originally published under the title "Phi Beta Capitalism: Universities in Service to Business" in *CAQ Covert Action Quarterly* 60, (Spring 1997): 40-45. [*CAQ*, 1500 Mass. Ave. NW, Washington DC, 20005, USA (Annual subscriptions in the US $22; Canada $27; all other areas $35.00)]. A slightly different version was also published in *The New Haven Advocate* (July 24, 1997): 14-18. Lawrence Soley teaches at Marquette University in Milwaukee and is author of *Leasing the Ivory Tower* (Boston: South End Press, 1995).
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