A couple of months ago, I went to Mexico to give talks at the National University in Mexico, UNAM. It’s quite an impressive university – hundreds of thousands of students, high-quality and engaged students, excellent faculty. It’s free. Actually, the government, ten years ago, did try to add a little tuition, but there was a national student strike, and the government backed off. In fact, there’s an administrative building on campus that is still occupied by students and used as a centre for activism throughout the city. There’s also, in the city itself, another university, which is not only free but has open admissions. It has compensatory options for those who need them. I was there, too; it’s also quite an impressive level, students, faculty, and so on. That’s Mexico, a poor country.

Right after that I happened to go to California, maybe the richest place in the world. I was giving talks at the universities there. In California, the main universities – Berkeley and University of California, Los Angeles (UCLA) – they’re essentially Ivy League private universities; colossal tuition, tens of thousands of dollars, huge endowment. General assumption is they are pretty soon going to be privatized, and the rest of the system will be, which was a very good system – best public system in the world – that’s probably going to be reduced to technical training or something like that. The privatization, of course, means privatization for the rich [and a] lower level of mostly technical training for the rest. And that is happening across the country. Next year, for the first time ever, the California system, which was a really great system, best anywhere, is getting more
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funding from tuition than from the state of California. And that is happening across the country. In most states, tuition covers more than half of the college budget. It’s also most of the public research universities. Pretty soon only the community colleges – you know, the lowest level of the system – will be state-financed in any serious sense. And even they’re under attack. And analysts generally agree, I’m quoting, ‘The era of affordable four-year public universities heavily subsidized by the state may be over’.

Now that’s one important way to implement the policy of indoctrination of the young. People who are in a debt trap have very few options. That is true of social control generally; that is also a regular feature of international policy – those of you who study the International Monetary Fund (IMF) and the World Bank and others are well aware. As the Mexico-California example illustrates, the reasons for conscious destruction of the greatest public education system in the world are not economic. Economist Doug Henwood points out that it would be quite easy to make higher education completely free. In the US, it accounts for less than 2 per cent of gross domestic product. The personal share, about 1 per cent of gross domestic product, is a third of the income of the richest 10,000 households. That’s the same as three months of Pentagon spending.

It’s [also] less than four months of wasted administrative costs of the privatized healthcare system, which is an international scandal. [That system has] about twice the per capita cost of comparable countries, has some of the worst outcomes, and in fact it’s the basis for the famous deficit. If the US had the same kind of healthcare system as other industrial countries, not only would there be no deficit, but there would be a surplus. However, to introduce these facts into an electoral campaign would be suicidally insane, Henwood points out. He’s correct. In a democracy where elections are essentially bought by concentrations of private capital, it doesn’t matter what the public wants. The public has actually been in favour of that for a long of time, but they are irrelevant in a properly run democracy.

We should recall that the great growth period in the economy – the US economy – was in the several decades after World War Two, commonly called the ‘Golden Age’ by economists. It was substantially fuelled by affordable public education and by university research. Affordable public education includes the GI Bill, which provided free education for veterans – and remember, that was a much poorer country than today. Extremely low tuition fees were found even at private colleges. Actually, I went to an Ivy League college, and it cost $100 a year; that’s more now, but it’s not
that high, it’s not 30 or $40,000.

What about university-based research? As I mentioned, that is the core of the modern high-tech economy. That includes computers, the Internet – in fact, the whole IT revolution – and a whole lot more.

The dismantling of this system since the 1970s is among the many moves toward a very sharply two-tiered society, a very narrow concentration of wealth and stagnation for almost everyone else. It also has direct economic consequences. Take, say, California. What they are doing to the public education system is going to undermine the economy that relies on a skilled workforce and creative innovation, Silicon Valley and so on. Apart from the enormous human cost of depriving most people of decent educational opportunities, these policies undermine US competitive capacity. That’s very harmful to the mass of the population, but it doesn’t matter to the tiny percentage of concentrated wealth and power. In fact, in the years since the Powell Memorandum* [of 1971], we’ve entered into a new stage in state capitalism in which the future just doesn’t amount to much. Profit comes increasingly from financial manipulations. The corporate policies are geared toward short-term profit, and that reduces the concern for loyalty to a firm over a longer stretch. Let me talk about the consequences for education, which are quite significant.

Suppose, as is increasingly happening – not only in the United States, incidentally – that universities are not funded by the state, meaning the general community. So how are the universities going to survive? Universities are parasitic institutions; they don’t produce commodities for profit, thankfully. They may one of these days. The funding issue raises many troubling questions, which would not arise if fostering independent thought and inquiry were regarded as a public good, having intrinsic value. That’s the traditional ideal of the universities, although there are major efforts to change that. Take Britain. According to the British press, the Arts and Humanities Research Council was just ordered to spend a significant amount of funding on the prime minister’s vision for the country. His so-called ‘Big Society’, which means big corporate profits, and the rest look out for themselves. The government produced what they call a clarification of the famous Haldane Principle. That’s the century-old principle that barred such government intrusion into academic research. If this stands, which I think is kind of hard to believe, but if it stands, the hand of Big Brother will rest quite heavily on inquiry and innovation in the arts and humanities as the ‘masters of mankind’ follow the advice of the Powell Memorandum – of course, defending academic freedom in ways that would receive nods of approval from Those-Who-Must-Not-Be-Named,
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borrowing my grandchildren’s rhetoric. Cameron’s Britain is seeking to take the lead on the assault on public education. The rest of the Western world is not very far behind. In some ways the US is ahead.

More generally, in a corporate-run culture, the traditional ideal of free and independent thought may be given lip service, but other values tend to rank higher. Defending authentic institutional freedom is no small task. However, it is not hopeless by any means. I’ll talk about the case I know best, at my own university. It is a very striking case, because of the nature of its funding. Technically, it’s a private university, but it has vast state funding, overwhelming, particularly since the Second World War. When I joined the faculty over 55 years ago, there were military labs. Since then, they’ve been technically severed. The academic programs, too, at that time, during the 1950s, were almost entirely funded by the Pentagon. Under student pressure in the ‘time of troubles’, the 1960s, there were protests about this and calls for investigation. A faculty-student commission was formed in 1969 to investigate the matter. I was a member, thanks in part to student pressure. The commission was interesting. It found that despite the funding source, the Pentagon, almost the entire academic program, there was no military-related work on campus, except in the sense that virtually anything can have some military application. Actually, there was an exception to this. The political science department was deeply engaged in the Vietnam War under the guise of peace research. Since that time, Pentagon funding has been declining, and funding from health-related state institutions – National Institutes of Health and so on – that’s been increasing. There’s a reason for that. It’s reflecting changes in the economy.

In the 1950s and 1960s the cutting edge of the economy was electronics-based. The Pentagon was a natural way to steal money from the taxpayers, making them think they’re being protected from the Russians or somebody, and to direct it to eventual corporate profits. That was done very effectively. It includes computers, the Internet, the IT revolution. In fact most of the modern high-tech economy comes from that. In more recent years, the economy is becoming more biology-based. Therefore state funding is shifting. Fifty years ago, if you looked around MIT, you found small electronics start-ups from the faculty. They were drawing on Pentagon funding for research, and if they were successful, they were bought up by major corporations. Those of you who know something about the high-tech economy will know that that’s the famous Route 128. That was 50 years ago. Now, if you go around the campus, the start-ups are biology-based, and the same process continues – genetic engineering, biotechnology, pharmaceuticals. The big buildings going up are Novartis
From Hiroshima to Fukushima

and so on. That’s the way the so-called free enterprise economy works. There’s also been a shift to more short-term applied work. The Pentagon and the National Institutes of Health are concerned with the long-term future of the advanced economy. In contrast, a business firm typically wants something that it can use – it can use and not its competitors, and tomorrow. I don’t actually know of a careful study, but it seems pretty clear that the shift towards corporate funding is leading towards more short-term applied research and less exploration of what might turn out to be interesting and important down the road.

Another consequence of corporate funding is more secrecy. This surprises a lot of people, but during the period of Pentagon funding, there was no secrecy. There was also no security on campus. You may remember this. You could walk into the Pentagon-funded labs 24 hours a day, and no cards to stick into things and so on. No secrecy; it was all entirely open. There is secrecy today. A corporation can’t compel secrecy, but they can make it very clear that you’re not going to get your contract renewed if your work leaks to others. That has happened. In fact, it has led to some scandals, some big enough to appear on the front page of the Wall Street Journal.

Outside funding has other effects on the university, unless it’s free and unconstrained, observing the Haldane Principle. Indeed, it has been true to a significant degree of funding from the Pentagon and the other national institutions. However, any kind of outside funding [has effects], even keeping to the Haldane Principle. Suppose it establishes a teaching or research facility. That automatically shifts the balance of academic activity, and that can threaten the independence and integrity of the institution. And in the case of corporate funding, quite severely.

Corporatization can have considerable influence in other ways. Corporate managers have a duty. They have to focus on profit-making and seeking to convert as much of life as possible into commodities. It’s not because they’re bad people; it’s their task. Under Anglo-American law, it’s their legal obligation as well. There’s a lot to say about this topic, but one element of it concerns the universities and much else. One particular consequence is the focus on what’s called efficiency. It’s an interesting concept. It’s not strictly an economic concept. It has crucial ideological dimensions. If a business reduces personnel, it might become more efficient by standard measures with lower costs. Typically, that shifts the burden to the public, a very familiar phenomenon we see all the time. Costs to the public are not counted, and they’re colossal. That’s a choice that’s not based on economic theory. That’s based on an ideological
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decision, which applies directly to the ‘business models’, as they’re called, of the universities. Increasing class-size or employing cheap temporary labour, say graduate students, instead of full-time faculty, may look good on a university budget, but there are significant costs. They’re transferred and not measured. They’re transferred to students and to the society generally as the quality of education, the quality of instruction, is lowered.

There’s, furthermore, no way to measure the human and social costs of converting schools and universities into facilities that produce commodities for the job market, abandoning the traditional ideal of the universities: fostering creative and independent thought and inquiry, challenging perceived beliefs, exploring new horizons and forgetting external constraints. That’s an idea that’s no doubt been flawed in practice, but to the extent that it’s realized is a good measure of the level of civilization achieved.

That idea is being challenged very openly by Adam Smith’s ‘principal architects of policy’ in the state-corporate complex, the direct attack on the Haldane Principle in Britain. That’s an extreme case; in fact so extreme I assume it may be beaten back. There are less blatant examples. Many of them are just inherent in the reliance on outside funding, state or private. These are two sources that are not easy to distinguish given the control of the state by private interest. So what’s the right reaction to outside funding that threatens the ideal of a free university? One choice is just to reject it in principle, in which case the university would go down the tubes. It’s a parasitic institution. Another choice is just to recognize it as a fact of life that when I’m at work, I have to walk past the Lockheed Martin Lecture Hall, and I have to look out my office window at the Koch building, which is named after the multibillionaires who are the major funders of the Tea Party and a leading force in ongoing campaigns to wipe out the remnants of the labour movement and to institute a kind of corporate tyranny.

Now, if that outside funding seeks to [influence] teaching, research and other activities, then there’s a strong argument that it should simply be resisted or rejected outright no matter what the costs. Such influences are not inevitable, and that’s worth bearing in mind.

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This is a partial transcript. For video of the lecture, go online (www.youtube.com/user/uoftscarborough#p/c/0/Q97tFyqHVLs).

*The confidential Powell Memorandum, entitled ‘Attack of American
Free Enterprise System', was composed by Lewis F. Powell, then a corporate lawyer and member of the boards of 11 corporations. It was addressed to Eugene Sydnor, Jr., the Director of the US Chamber of Commerce. The memorandum was dated 23 August 1971, two months prior to Powell’s nomination by President Nixon to the US Supreme Court. We reprint a short excerpt below, as this important document may be unfamiliar to readers. The full text is available online: (reclaimdemocracy.org/corporate_accountability/powell_memo_lewis.html).

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Attack of Free Enterprise System
Lewis F Powell

Excerpt from the Powell Memo,
also known as the Powell Manifesto, August 1971

The Campus
The assault on the enterprise system was not mounted in a few months. It has gradually evolved over the past two decades, barely perceptible in its origins and benefiting (sic) from a gradualism that provoked little awareness much less any real reaction.

Although origins, sources and causes are complex and interrelated, and obviously difficult to identify without careful qualification, there is reason to believe that the campus is the single most dynamic source. The social science faculties usually include members who are unsympathetic to the enterprise system. They may range from a Herbert Marcuse, Marxist faculty member at the University of California at San Diego, and convinced socialists, to the ambivalent liberal critic who finds more to condemn than to commend. Such faculty members need not be in a majority. They are often personally attractive and magnetic; they are stimulating teachers, and their controversy attracts student following; they are prolific writers and lecturers; they author many of the textbooks, and they exert enormous influence – far out of proportion to their numbers – on their colleagues and in the academic world.

Social science faculties (the political scientist, economist, sociologist and many of the historians) tend to be liberally oriented, even when leftists are not present. This is not a criticism per se, as the need for liberal thought is essential to a balanced viewpoint. The difficulty is that ‘balance’ is conspicuous by its absence on many campuses, with relatively few
members being of conservatives or moderate persuasion and even the relatively few often being less articulate and aggressive than their crusading colleagues.

This situation extending back many years and with the imbalance gradually worsening, has had an enormous impact on millions of young American students. In an article in \textit{Barron's Weekly}, seeking an answer to why so many young people are disaffected even to the point of being revolutionaries, it was said: 'Because they were taught that way'. Or, as noted by columnist Stewart Alsop, writing about his alma mater: 'Yale, like every other major college, is graduating scores' of bright young men ... who despise the American political and economic system'.

As these 'bright young men,' from campuses across the country, seek opportunities to change a system which they have been taught to distrust – if not, indeed 'despise' – they seek employment in the centers of the real power and influence in our country, namely: (i) with the news media, especially television; (ii) in government, as 'staffers' and consultants at various levels; (iii) in elective politics; (iv) as lecturers and writers, and (v) on the faculties at various levels of education.

Many do enter the enterprise system – in business and the professions – and for the most part they quickly discover the fallacies of what they have been taught. But those who eschew the mainstream of the system often remain in key positions of influence where they mold public opinion and often shape governmental action. In many instances, these 'intellectuals' end up in regulatory agencies or governmental departments with large authority over the business system they do not believe in.

If the foregoing analysis is approximately sound, a priority task of business – and organizations such as the Chamber – is to address the campus origin of this hostility. Few things are more sanctified in American life than academic freedom. It would be fatal to attack this as a principle. But if academic freedom is to retain the qualities of 'openness,' 'fairness' and 'balance' – which are essential to its intellectual significance – there is a great opportunity for constructive action. The thrust of such action must be to restore the qualities just mentioned to the academic communities.