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In a Strange Land? Educational Identity and the Market System

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The quantity of every commodity which human industry can either purchase or produce, naturally regulates itself in every country according to the effectual demand, or according to the demand of those willing to pay the whole rent, labour and profits which must be paid in order to prepare and bring it to market.

—Adam Smith from *An Inquiry into the Nature and Causes of the Wealth of Nations*, 1776

For years, the identity of institutions of higher education in the United States rested under the guise of tax-exemption. With this sense of exemption also came the understanding that these institutions were here to serve the common good. By comparison to their counterparts in the for-profit segment of the population, colleges and universities were here to discover and transmit knowledge. They were here to form the character of the next generation. For many institutions, they were also here to prepare the next generation for a life of service to the Church. However, the recent wave of literature concerning the relationship colleges and universities share with Adam Smith's description of the market system indicates something has changed. No one would probably challenge the idea that the nature of our students has evolved in such a way as to now include them amongst those individuals Smith described as being willing to pay. One may want to challenge the possibility that educators are also slowly but surely becoming associated with those individuals Smith described as being paid in order to bring a commodity to market. If nothing else, colleges and universities are beginning to find themselves in a strange land. A review of the recent literature in the field of higher education is needed to not only bring clarity of vision to this strange land but also to assess the new challenges being posed to the identity of Christian educational institutions finding themselves in growing numbers under the influence of the market system.

In order to appreciate this recent wave of literature, perhaps it might prove necessary to explore in more contemporary terms the dynamic Adam Smith initially identified over 225 years ago. Although many such assessments exist, one in particular that stands out is Charles E. Lindblom's *The Market System: What It Is, How It Works, and What To Make of It*. Like Smith, Lindblom seeks to detail "the overarching structure of [the] social organization called the market system" (2001, p. 2). He indicates that the demise of communism, the opening of global markets, and the acceleration of improvements in information technology precipitated significant changes in the operation of market economies. As a result, he contends, "A market system is a method

of social coordination by mutual adjustment among participants rather than by a central coordinator” (2004, p. 23). Many economists agree with Lindblom and argue that mutual adjustment among participants is now continuously reoccurring. Perhaps this same sense of mutual readjustment is now continuously reoccurring in higher education as well.

The recent wave of literature concerning the relationship shared by institutions of higher education and the market system would certainly indicate that, at some level, this sense of mutual readjustment is now part of the institutional identity of colleges and universities in the United States. Perhaps one could even divide this body of literature into three distinct groups. One could argue that a number of books published over the course of the last couple of years are best described as being practical observations. These contributions are typically made by people who are serving in or who served in significant administrative posts in institutions of higher education. These primarily normative works may not reflect the same empirically comprehensive spirit demonstrated by some other scholars who investigate this issue. Nonetheless, the breadth of experience represented by these authors makes for helpful reading for practitioners and scholars alike. Two particular works that typify this genre of literature include Derek Bok’s *Universities in the Marketplace* and Donald G. Stein’s edited volume entitled *Buying In or Selling Out?* Bok formerly served as the President of Harvard University and as the Dean of Harvard University’s Law School. Stein has served in a variety of senior administrative posts at Emory University. Both authors demonstrate not only a real depth of understanding of the concerns facing higher education but also have the ability to use personal narratives, when appropriate, to support their points.

One also could contend that a number of books may find their origins in experiences similar to books generated by Derek Bok and Donald G. Stein. These works also include more empirically comprehensive forms of research. One example of this kind of work is Joseph C. Burke’s edited volume entitled *Achieving Accountability in Higher Education*. In this work Burke and his associates seek to define what accountability looks like for public institutions of higher education in an environment influenced by the market system. As a result, this work explores the impact of these changing circumstances on areas such as admissions and budgeting. A second example of a work that includes a balance of practical experience with empirical forms of research is Richard S. Ruch’s *Higher Ed, Inc.* This work proves to be a departure from the rest of its contemporaries in the sense that it explores conditions which facilitated the emergence of the for-profit university. On one level, the growing influence of these institutions may rest in the way they respond to the needs of the market system by establishing programs that provide primarily practical training. On another level, their influence may rest in how they are impacting other institutions in the non-profit segment.

Finally, many of the works that have emerged over the last couple of years also exemplify forms of empirical research often found in the field of higher education. For example, in *Knowledge and Money*, Roger L. Geiger explores how the cost structures of research universities have changed in recent years. Geiger is then able to explain how these changes have not only provided these institutions with an unprecedented level of wealth but also unforeseen forms of formal and informal accountability. In particular, he explores how these conditions have impacted areas such as research activity and undergraduate education. Whereas Geiger’s work is primarily historical in terms of

its empirical approach, Sheila Slaughter and Gary Rhoades’ *Academic Capitalism and the New Economy* is primarily sociological. By tracking changes in the behavior of primarily research universities, Slaughter and Rhoades develop a theory of what they define as academic capitalism. This theory asserts that the behavior of corporations along with both federal and state forms of government proves to be difficult to separate from the behavior of universities. As the market system continues to evolve, one cannot ignore the nature of these relationships. One also must be increasingly vigilant about identifying these relationships and the impact they have on a variety of academic functions.

In the end, three themes seem to unite these texts and their respective attempts to come to terms with the new reality in which colleges and universities currently find themselves. First, the primary context for most of these efforts is the research university. This type of institution, as defined by the Carnegie Foundation, has served as the major trend-setter in American higher education for at least a century if not slightly longer. The establishment of institutions such as Clark University and The Johns Hopkins University in the late-1800s led to revolutions in institutional identity among institutions with much longer histories such as Harvard and Yale. It makes sense to start by assessing how the market system is reconfiguring the identity of research universities. If nothing else, the majority of faculty members in American higher education typically received the final installment of their education from one of these institutions. By comparison to the research university, scholars have yet to exert little effort in the direction of determining how the market system is influencing the identity of comprehensive universities not to mention liberal arts colleges.

Second, as a result of the fact that the research university serves as the primary context for this sample of scholarship, it makes sense that another point of emphasis is the changing nature of knowledge. In the end, the authors of these efforts appear to be seeking to come to terms with a serious point of tension. In a general sense, the advent of the research university yielded an understanding of scholarship that included the discovery of new knowledge for its own sake. Funding for these efforts was typically provided by private foundations or by federal or state-level government agencies. The impetus behind these provisions of funds was the belief that the discovery of new knowledge, even for its own sake, had reciprocal benefits for the well-being of the public. The backdrop was thus one of the advancement of liberal democracy. The current era is witnessing a shift in this backdrop as funding for these efforts is now being provided in larger measures by for-profit corporations. One example of this shift is the advent of the research and development parks beginning to populate the edges of many research universities. Scholars have also yet to exert much effort in determining how the market system is influencing the definition of scholarship operative within comprehensive universities and liberal arts colleges.

Finally, these efforts also tend to come to terms with questions concerning the nature of the populations pursuing knowledge in these environments—those populations primarily being faculty members and students. In many ways, the market system is reconfiguring the nature of faculty members as being those individuals who, in Adam Smith’s terms, produce a product being brought to market. On one level, those individuals willing to pay the whole rent are more and more becoming for-profit corporations. On another level, students in increasing numbers also are beginning to

view themselves as also being amongst those who are willing to pay the whole rent as well. Many students may still seek a post-secondary form of education with the intent of pursuing knowledge for its own sake and thus contributing to the common good. However, more and more students view their efforts as a means of obtaining a particular form of employment. The relationship students share with faculty members is becoming a contractual one. Students pay for this service and faculty members deliver. Although many faculty members in research universities are resisting this shift, the for-profit university recognized this shift and capitalized on it. While scholars have yet to come to terms with how dynamics of this relationship are changing within the comprehensive university or within the liberal arts college, a fair assumption is that faculty members in these institutions have also felt the pressure to succumb to the logic (or false logic) of the “I pay . . .” rationale as exerted by growing numbers of students.

The concern which eventually comes in relation to these scholarly efforts involves what bearing or influence do they have on the identity of Christian institutions of higher education. Most of these institutions are either comprehensive universities or liberal arts colleges. In fact, only six institutions of higher education (Baylor University, Boston College, Fordham University, Georgetown University, Pepperdine University, and the University of Notre Dame) in the United States are even simultaneously classified as having religious missions of a Christian nature while also being research universities. A vast opportunity for further inquiry is becoming evident. However, critical speculation at this point proves to be necessary as one seeks to come to terms with the influence of the market system upon Christian institutions of higher education. While some may argue that the market system is compatible with Christianity, others would argue its incompatibility. By contrast to these extremes, the market system is neither compatible nor incompatible with Christianity. The market system, like liberal democracy or like socialism, is a socially constructed reality demanding critical engagement from a Christian perspective. Such a perspective is not only necessary in terms of maintaining the aspirations of Christian educators but also in terms of advancing these aspirations amidst evolving conditions of the market system.

The identity of Christian institutions of higher education, whether they are research universities, comprehensive universities, or liberal arts colleges, is vested in the relationship they share first and foremost with the Church. The life practiced together in baptism, the hearing of the Word, and in the Eucharist forms Christian identity and in turn forms the identity of the institutions the Church fosters. To name only a few, what it means to be Baptist, Catholic, Reformed, or Wesleyan, depends not only on how one reflects upon the past but also upon how one is sent forth by the Church each week into the future. Christian educational institutions may vary in terms of how they prioritize the tasks in which they engage. The relationship shared between research, service, and teaching will look different from campus to campus. However, the relationship these campuses share with the Church must supercede and even guide the interaction they have with either federal or state-level government agencies or for-profit corporations. In order to advance their respective missions, Christian research universities may need to seek funding from these agencies with greater frequency than Christian liberal arts colleges. Their identity, and thus their motivation in terms of seeking external funding, will also vary from public research universities or from private, non-sectarian research universities.

In the same light, the definition of what constitutes scholarship may also differ. The definition in place at a comprehensive university or a liberal arts college will at some level differ from the definition in place at a research university. That definition will also differ at a Christian college or university because of the relationship that faith shares with learning. For example, at Pepperdine or at Fordham this definition differs from other public or private, non-sectarian research universities due to the manner in which their Church of Christ and Jesuit Catholic heritages respectively inform their identity as institutions. Obviously, these institutions will need to seek external forms of funding to help sustain their research efforts. Such funding may come from private foundations, federal or state-level government agencies, or even for-profit corporations. The question is not whether to pursue external funding but under what terms or conditions to pursue it. In many ways, the influence of the market system has not changed the crux of this question but simply added a new arena in which it must be asked. Some forms of funding may enhance the relationship faith shares with learning. Some forms of funding may neither enhance nor diminish it. However, as was the case with funding from some private foundations and some federal or state-level government agencies, some forms of funding from for-profit corporations may also diminish the relationship faith and learning share. As a result, agents pursuing such resources must not only ask themselves questions concerning the intended consequences but also questions concerning the unintended consequences incurred if such resources were secured.

The level of concern begins to rise when one examines the way the market system has begun to modify the relationship shared by educators and students. One critique of the scholarship generated to date is that it typically limits the definition of an educator to the individual who serves in the curricular arena versus also including the individual who serves in the co-curricular arena. In reality, the quality of the education an institution generates is greatly determined by the level of integration it facilitates between the curricular and the co-curricular arenas. For individuals who serve on Christian campuses, the real concern begins to emerge when the covenantal nature of the relationship shared by educators, curricular and co-curricular alike, and students begins to be usurped by the contractual one. The concern shown for a student by an educator is not based upon a student's ability to fulfill his or her end of the “I pay . . .” rationale. By contrast, concern is shown because of the potential inherent within each student as an individual created in the image of God. This potential supersedes one's ability to pay. Christian identity on an individual and on a communal level is born out of the covenant God forms with the Church and that members of this body in turn establish with others they serve.

The recent wave of scholarship concerning the influence of the market system upon higher education provides some fascinating indicators as to the challenges colleges and universities will continue to face in the future. Although these resources are primarily of explicit service to individuals serving in either public or private, non-sectarian research universities, they also provide an implicit service to individuals serving in Christian colleges and universities. As a result, new questions need to be asked. On one level, one needs to ask what influence the market system is exerting upon the religious identity of Christian colleges and universities. On another level, one also needs to ask what influence the religious identity of Christian colleges and universities is having upon the market system. Neither open embrace nor hostile resistance to the market system will

prove to be productive for Christian institutions of higher education seeking to advance their respective missions. For better or for worse, the identity of Christian institutions of higher education exists within the larger market system. The land at times may prove strange. However, complicity in relation to the natural regulations detailed by Adam Smith inevitably will weaken not only the identity of Christian institutions of higher education but perhaps also the larger market system within which these institutions find themselves.

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