

Capitalism and Higher Education: A Failed Relationship

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The capitalist society of the United States has transformed institutions of higher education into for-profit corporations where the individual shrinks from view. There is a dire need for change to the business model of universities around the country. Now more than ever we need educated, well-rounded individuals to solve the problems that our country is being faced with. These people will not appear out of thin air; they must be molded and tempered in an environment conducive to success. However, the current business model of universities is on a vector heading straight for failure. “An investigation of for-profit colleges by the Senate Committee on Health, Education, Labor, and Pensions found that 15 of the largest for-profit colleges received 86% of their revenue from federal programs to help students” (Verschoor pg18 par5). The focus of these institutions seems to have shifted in the wrong direction. Rather than focusing on the success of students, universities are doing whatever is necessary to increase capital gains. Tuition costs are rising exponentially while teachers’ salaries are plummeting. State and federal funding is decreasing due to a national deficit of over 18.5 trillion dollars (U.S. National Debt Clock). If there is not a radical change to the business model of colleges in this country, the economy is going to greatly suffer. Money is the motivation for every action in our society, and we are beginning to see the consequences of this thought process. Education is extremely important in this new era. Without it, we will be lost. The world population is ever increasing. Consequently new problems have been presented and need to be solved. It is time

that we fully realize the magnitude of the issues we face. Once recognition has taken place, a plan of action can be implemented before the higher education system is too far-gone.

As the population rises, there has been a noticeable increase in high school graduates. These graduates are tasked with the challenge of choosing a college that best suits them and their needs. This creates competition between schools to attract the most students in order to gain capital. This competition between schools has become unhealthy. Universities are now in an arms race to see who has the best athletic program, the nicest student housing, or the top of the line recreational facility. While both sports and renovations of campus housing facilities are important for attracting and retaining students, there are far more important things that need attention. It is unlikely that housing modifications and sports entertainment will directly impact the quality of education that the students receive. The focus has moved away from academics and is now centered on the university's being the biggest and the best looking. Colleges and universities continue to deepen their debt in an attempt to attract more students. During this time, the government is continuing to extract funds from education and appropriating them elsewhere. This misappropriation of funds has impacted the students and faculty more than imaginable. In the documentary *Ivory Tower* Teresa Sullivan, the President of the University of Virginia tells just how this can affect students. Sullivan stated that the school has recently lost \$100 million in funding. The board has now taken one out of every four dollars from the student's tuition in order to recoup that loss (*Ivory Tower*). This has a direct affect on the future economy. In a capitalist economy, one's debt to income ratio has a large impact on their ability to be productive consumers. When students are loaded down with massive amounts of debt that they cannot repay, they become far less productive members of society. The majority of their income is being

allocated directly to sustaining them with their basic needs for survival such as housing costs, electrical costs, and food provisions.

Capitalism is designed to create healthy competition between businesses in a free market. As competition increases, the law of supply and demand allows the producer to raise the cost of goods. In turn, the consumer has no choice but to meet the cost of the products needed. While capitalism is beneficial to a company that sells goods or services, it has proven to be detrimental when applied to the higher education system. Student loan debt has risen to over 1-trillion dollars nation wide (Berrett par.1). This is due to the exponential increases in cost of attendance. As the world continues to advance in technology, the demand for educated individuals is higher now than it has ever been; therefore, the price of an education skyrocketed. A year of college cost 1200% more than it did three decades ago (Appel and Taylor 31). Although an increase in tuition is to be expected due to inflation, much of the escalating costs are attributed to something deeper. It is unfair and unethical to raise the cost of tuition that high in order to compensate for the government and institutional mismanagement of funds. For example, financial compensation for coaches and school presidents are outrageous in comparison to a professor or teacher's salary. According to the article "The College President-to-Adjunct Pay Ratio" from The Atlantic, the former President of Penn State had an annual salary of 1.4 million dollars while the average adjunct teacher salary was estimated to be only twenty thousand dollars (McKenna par. 3 and 6). These numbers are staggering. Though the university president's job is crucial to the system, it is still unjustifiable to pay someone that quantity of money to be head of a university. Colleges are not meant to be corporations; they are designed to be non-profit organizations that benefit society by molding the minds of young individuals. Universities need to take responsibility and start

making real changes to the financial structure in order to be sustainable in this changing economy.

People's perception of higher education is that of a commodity rather than a necessity. Pursuing a degree in higher education these days is not about changing the world. It is merely about earning a paycheck. The goal for the average college graduate is obtaining a decent job, so they can pay their bills. People have become so focused on money that we forget our purpose. Our sole purpose is to solve problems that our society is faced with in order to make a safer and more productive environment for future generations. Unfortunately, there are no simple solutions. In order to make a real change, one really has to think critically. The problems we are dealing with in higher education are rooted much deeper than surface level. Whether one admits it or not, our society is on a crash course with failure. In order to preserve peace and prosperity, we must commit to a radical reform of our ideals and values. The future of this world depends on the minds of few but the cooperation of many. It is pertinent that the general public has the knowledge they need to make informed decisions about what is best for our society. The vast majority of people are unaware of the problems within the structure of universities. In order to make changes for the better, we must effectively inform society of the problems with the higher education system and the consequences that our generation faces if we do not change.

A college is designed to mold the minds of the future not line the pockets of the presidents and coaches that are employed there. If there is not a radical change to the business plan of the colleges in this country, the economy is going to greatly suffer. It is time that our country fully realizes the magnitude of the issues we face, so a plan of action can be implemented before it is too late. Today in Germany, students can attend university for as little

as \$120 a semester (Strasser par. 2). This is evidence that there are solutions to the problems our country faces. Although there are many obstacles in the way, change is not impossible.

Works Cited

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Annotated Bibliography

The article "Education With A Debt Sentence: For-Profit Colleges As American Dream Crushers And Factories Of Debt." supplied information about for-profit colleges and how student loan debt is having a substantial impact on students.

"Do Americans Expect Too Much from a College Degree", discussed information about the effect of student loan debt after students have graduated and are in the work force.

"How US Students Get a University Degree for Free in Germany" was helpful in showing that there are better systems in place than the ones we implement in America. It was used as an example of a solution to the problems our country faces.

"U.S. National Debt Clock: Real Time" provided up to date information on the national deficit as well as the appropriation of funds amongst departments of U.S. Government.

"The Student Debt Crisis" provided information on for-profit colleges and how they manage their money.

Ivory Tower was a documentary watched in class that provided substantial information on the current standings of the higher education system.

"The College President-to-Adjunct Pay Ratio" compared how much university presidents made compared to teachers at the same schools. It showed a massive salary gap and provided useful information for the argument.

Outline

Intro Paragraph:

Attention grabber

Thesis Statement

Main idea + use sources

Body Paragraph 1:

competition

Body Paragraph 2:

capitalism

Body Paragraph 3:

Problems/Solution

Conclusion:

Radical change