

Report
on
Debt and Wages
in
Public Education



*A Look at Class, Status, and Institutional Finance
in American Public Universities*

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1. Introduction

“Education makes a greater difference between man and man, than nature has made between man and brute... It should be your care, therefore, and mine, to elevate the minds of our children and exalt their courage... If we suffer their minds to grovel and creep in infancy, they will grovel all their lives.”

-- John Adams, *Correspondence with Abigail*, #74 (29 Oct., 1775)

Public education is imperiled in Wisconsin: in 1980, the University of Wisconsin-Milwaukee received over 60% of its funding from State tax revenue.¹ In 2014 it received less than 20%.²

While enrollment in the UW System increased from 156,076 students in 1980 to 178,909 students in 2009, the UW System’s share of State general funds (GPR) fell from 18% in 1980 to 8% in 2010; the State of Wisconsin now spends more on prisons than on an educated, 21st Century workforce.³

UW Declining Share of State Budget
Program Spending as % of GPR Budget

	1980	1985	1990	1995	2000	2005	2010
UW	18.0%	12.4%	12.0%	10.9%	8.5%	8.4%	8.0%
K-12	33.0	24.6	27.9	31.5	37.0	40.4	39.7
Medicaid	na	9.4	10.1	10.8	8.6	13.6	10.0
Corrections	na	3.2	3.1	4.3	6.3	7.6	8.4

Over this time, the cost of education has increased due to factors ranging from new accessibility standards for public buildings⁴ to the expectation of well-staffed computer labs running up-to-date hardware, software and networking.

These pressures are transforming public higher education into an economic machine that systematically robs young people of their future, yielding debt and distraction instead of material security and cultural enrichment. Yet, it is not just students that suffer: as the university seeks cheaper sources of labor to cope with decreasing support, teaching staff also struggle with subsistence wages, deteriorating working conditions, and uncertain futures.

1 http://www4.uwm.edu/budplan/info/upload/Optg-Cap_Bud_Over.pdf
2 http://uwm.edu/budget2015-17/wp-content/uploads/sites/316/2015/02/UWM_BudgetInBrief1.pdf (February 2015)
3 Wisconsin Taxpayers Alliance, *Wisconsin Taxpayer*, vol. 79, no. 5, “UW in the 21st Century: Less Money, More Freedom?” (May 2011)
4 *Civil Rights Act; Americans with Disabilities Act* (42 U.S.C. § 12101 et seq.)

2. Two Sides of the Same Coin

“He that in the state of society would take away the freedom belonging to those in that society or commonwealth must be supposed to design or take away from them everything else, and so be looked on as in a state of war.”

— John Locke, *Second Treatise on Civil Government*, sec. 17 (1690)

Cuts to higher education may make government look smaller on paper, but they do nothing to decrease the demand for these services. Often made in the name of “efficiency,” these cuts increase tuition and compel students to take out loans. Since debt bears interest, this effectively increases the cost of education: paying more for what could cost less is decidedly inefficient.

The much-celebrated transition to a “knowledge-based economy” (part of the outsourcing and automation of manufacturing jobs) only increases the demand for an education; many of the lost manufacturing jobs paid living wages, offering benefits and the security of union protections.



Debt now curtails the economic freedom of a majority of young people entering the workforce:⁵ US student debt now exceeds credit card debt,⁶ decent “white collar” work feels increasingly scarce, and many recent graduates have trouble finding work in their field.

⁵ <http://www.asa.org/policy/resources/stats/>

⁶ http://www.washingtonpost.com/blogs/college-inc/post/student-loans-surpass-auto-credit-card-debt/2012/03/06/gIQARFQnuR_blog.html

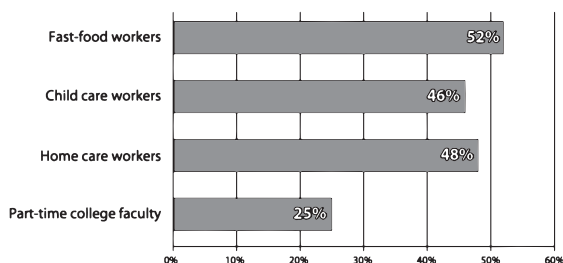
Cuts to public education are handouts to banks. Banks are the most direct beneficiaries of State cuts to higher education because they profit directly from the interest on student debt -- even if students default on their loans.⁷ These cuts are the result of deliberate policy decisions, not dire need: in 2014, the State of Wisconsin cut the UW System budget by \$250 million while, in 2015, it approved \$220 million in public subsidies for a new basketball arena.⁸

Low wages and high tuition are two sides of a coin. Roughly half of university teaching staff nationwide are now part-time adjuncts.⁹ While a position teaching at university carries some social prestige, adjunct positions pay working class wages comparable to that of waitstaff: the median annual pay for adjunct faculty ranges from \$20,000 to \$25,000 per year,¹⁰ while roughly 25% of adjuncts receive public assistance like food stamps.

Low-Wage Occupations and Public Assistance Rates

Reliance on public assistance can be found among workers in a diverse range of occupations. Three of the occupations with particularly high levels of public assistance program utilization that have been recently analyzed are front-line fast food workers, child care providers, and home care workers. Each of these have at or near 50 percent of their workforce in families with at least one family member relying on a public assistance program.

However, high reliance on public assistance programs among workers isn't found only in service occupations. Fully one-quarter of part-time college faculty and their families are enrolled in at least one of the public assistance programs analyzed in this report.



Source: UC Berkeley Labor Center, "The High Public Costs of Low Wages" (2015)

Notes: Workers and/or their dependents were enrolled in at least one of these four programs: Medicaid/CHIP, TANF, EITC, SNAP.

Adjuncts often work on 9 month contracts; adjuncts have debt; an adjunct may not know if he or she has work until a week or two before a semester begins; employer health care is uncertain; adjuncts are given heavy workloads that professors find unpleasant; adjuncts can effectively be fired without due process simply by being declined a new contract. An adjunct declined a new contract is rarely eligible for unemployment benefits due to the wording of fixed-term contracts, while years of low wages adversely impact eligibility for Social Security and Disability. The contingent nature of adjunct positions also erodes academic freedom -- a mainstay of University culture -- stifling free expression and leaving students with an impoverished cultural experience.

7 <http://www.nbcnews.com/id/35299908>

8 https://docs.legis.wisconsin.gov/misc/lfb/budget/2015_17_biennial_budget/100_act_55/100_comparative_summary_of_provisions_act_55_by_agency/200_sports_and_entertainment_district.pdf

9 <http://www.aaup.org/article/who-are-part-time-faculty>

10 Laura McKenna, "The Cost of an Adjunct." *The Atlantic*, May 26, 2015.

3. Social Engineering

“If the centralized state could not rely upon the inculcation of nationalist loyalties in public and private schools, its leaders would promptly seek to modify the decentralized educational system.”

– C. Wright Mills, *The Power Elite* (1956)

In August, 1971, the United States was suffering from a protracted period of stagflation: unemployment stood above 6%,¹¹ and inflation stood around 5.8%.¹² To help bring the economy back under control, President Nixon unilaterally withdrew from the Bretton Woods gold standard system and issued Executive Order 11615, freezing prices and wages nationwide.

About one week later, on August 23, a corporate lawyer named Lewis Powell sent the U.S. Chamber of Commerce a document titled: “Confidential Memorandum: Attack of the American Free Enterprise System.”¹³

Powell warned that “We are not dealing with sporadic or isolated attacks from a relatively few extremists or even from the minority socialist cadre.” Rather, “the most disquieting voices joining the chorus of criticism come from perfectly respectable elements of society.” In particular, Powell raised alarm that “the campuses from which much of the criticism emanates are supported by tax funds generated largely from American business.”

To counter the “liberally oriented” tendencies among “social science faculties (the political scientist, economist, sociologist and many of the historians),” Powell advised “establishing a staff of highly qualified scholars in the social sciences who do believe in the system.” This “staff of scholars... should evaluate social science textbooks, especially in economics.” Furthermore, “The national television networks should be monitored in the same way that textbooks should be kept under constant surveillance.”

To this end, Powell observed that “strength lies in organization, in careful long-range planning and implementation, in consistency of action over an indefinite period of years, in the scale of financing available only through joint effort, and in the political power available only through united action and national organizations.” His comprehensive recommendations also noted that “under

11 U. S. Bureau of Labor Statistics (November 13, 2012)

12 McMahon, Tim (3 April 2013), “Historical Inflation Rate” (http://inflationdata.com/inflation/Inflation_Rate/HistoricalInflation.aspx?dsInflation_currentPage=3).

13 http://reclaimdemocracy.org/corporate_accountability/powell_memo_lewis.html

our constitutional system, especially with an activist-minded Supreme Court, the judiciary may be the most important instrument for social, economic and political change.”

Just weeks after issuing his memo -- which inspired the creation of ideological think tanks like the Cato Institute and the Heritage Foundation -- Powell was appointed to the US Supreme Court by President Nixon.

Powell's legacy is far reaching if obscure, insofar as his influence is primarily felt indirectly. This obscurity is a deliberate means of manipulating the culture through academia. Sociologist C. Wright Mills noted:

“Authority is power that is explicit and more or less ‘voluntarily’ obeyed; manipulation is the ‘secret’ exercise of power, unknown to those who are influenced. In the model of the classic democratic society, manipulation is not a problem, because formal authority resides in the public itself and in its representatives...

“In the completely authoritarian society, manipulation is not a problem, because authority is openly identified with the ruling institutions and their agents, who may use authority explicitly and nakedly... Manipulation becomes a problem wherever men have power that is concentrated and willful but do not have authority, or when, for any reason, they do not wish to use their power openly.”¹⁴

The converting of higher education into a tool for social control was not accidental, nor was corporate commerce the only interest seeking to ensnare academia with puppet strings. In August 1968, University of California administrator Earl Clinton Bolton drafted a memo outlining “a positive, long-term public relations plan” to improve cooperation between academia and the CIA.¹⁵ To Bolton, academia's value to the CIA was clear: “a professor's right to undertake classified research is unassailable if he stands on the ground of academic freedom.” For such research programs, Bolton made clear, “the real initiative might be with the Agency but the apparent or record launching of the research should, wherever possible, emanate from the campus.”

Under just such a research program at Harvard, called MKULTRA, mathematics prodigy Ted Kaczynski (the “Unabomber”) suffered the psychological trauma that led him later to withdraw from society, and embark on a paleo-anarchist assassination campaign targeting PR executives and academics conducting military research.¹⁶

14 C. Wright Mills, *The Power Elite*, ch. 13: “The Mass Society” (1956)

15 <http://www.namebase.org/foia/ac01.html>

16 David Kaczynski, “Ted and the CIA, Part 1.” *Times Union*, December 21, 2010

4. Leviathan and the Hydra

“The conflict with which we have to deal is... between two irreconcilable types of social organization, which... have often been described as the commercial and the military type of society. The terms were, perhaps, unfortunate, because they direct attention to un-essentials and make it difficult to see that we face a real alternative and that there is no third possibility... Either both the choice and the risk rest with the individual or he is relieved of both.”

- Friedrich Hayek, *The Road to Serfdom* (1944)

Although the State of Wisconsin treats the UW System like a state agency,¹⁷ State taxes currently provide just 19% of operating revenue for UW-Milwaukee. Private tuition dollars and federal aid, meanwhile, now represent about 56% of UW-Milwaukee’s operating revenue.¹⁸

While “privatizing” schools like UW-Milwaukee and UW-Madison may seem like an intuitive solution to current funding problems, this “solution” ignores the fact that the problem was deliberately created.

Some subtle problems arise from the intrusion of private financial motivations into public education: at issue is a rupture in the implicit terms of the social contract, as the concept must be interpreted where organized industry and public services like roads, water, police, and Social Security coexist.

The problem was discussed at length by author and activist Jane Jacobs:

“We have two distinct ways of making a living, no more and no less... First, we’re able to take what we want -- simply take, depending... on what’s available to be taken. That’s what all the other animals do, including even some highly developed social ants, who capture aphids to serve as milking herds...

“But in addition, we human beings are capable of trading -- exchanging our goods and services for other goods and services... by voluntary agreement, the essence of trading... Of course, everybody doesn’t have to make a living. Some people get by on gifts, charity, or inheritances.

17 c.f. above, *Wis. Taxpayer*, vol. 79, no. 5: “With taxpayers funding a quarter or less of university revenues, should the UWS continue to be treated as a state agency -- with state regulation of ... building, compensation, personnel, and tuition?”

18 http://uwm.edu/budget2015-17/wp-content/uploads/sites/316/2015/02/UWM_BudgetInBrief1.pdf

But that means somebody else worked up the wherewithal. How did they manage that? We're back to two ways of doing so -- taking or trading."¹⁹

While neither system of social organization is "more right" than the other, each exhibits distinct and incompatible ethical standards:

"The Guardian Moral Syndrome: 1. Shun trading; 2. Exert prowess; 3. Be obedient and disciplined; 4. Adhere to tradition; 5. Respect hierarchy; 6. Be loyal; 7. Take vengeance; 8. Deceive for the sake of the task; 9. Make rich use of leisure; 10. Be ostentatious; 11. Dispense largesse; 12. Be exclusive; 13. Show fortitude; 14. Be fatalistic; 15. Treasure honor.

"The Commercial Moral Syndrome: 1. Shun force; 2. Come to voluntary agreements; 3. Be honest; 4. Collaborate easily with strangers; 5. Compete; 6. Respect contracts; 7. Use initiative and enterprise; 8. Be open to inventiveness and novelty; 9. Be efficient; 10. Promote comfort and convenience; 11. Dissent for the sake of the task; 12. Invest for productive purposes; 13. Be industrious; 14. Be thrifty; 15. Be optimistic."²⁰

The "Guardian Moral Syndrome" describes mission-driven institutions like government: hierarchy and tradition, state dinners, state secrets, and a commitment to "stay the course." The "Commercial Moral Syndrome" describes the activities of commerce: entrepreneurship and innovation, thrift, fair contracts, working to make things "turn around" in tough times.

The two systems can coexist, but must be kept separate: a rupture in the integrity of either system leads to a "systemic process of intractable corruption" where "virtues convert automatically to vices." Trading favors in public office is bribery; where two or more officials are involved, loyalty becomes conspiracy; a tradition of conspiracy among public officials becomes tyranny. Likewise: if one party to a contract is dishonest, respect for contracts becomes extortion, or industriousness becomes exploitation. The Mafia offers a prime example of a "monstrous hybrid" resulting from a rupture in these ethical systems.

Public universities are mission-driven institutions: it's wrong and corrupting for state agencies to think about "revenue" in a business sense, and the grafting of commercial motivations onto public institutions deprives students and adjuncts alike of a fundamental choice about how they can make a living, and the terms on which they are able to engage with society at large.

¹⁹ Jane Jacobs, *Systems of Survival*, ch. 4 (1992)

²⁰ Jane Jacobs, *Systems of Survival*, Appendix (1992)

5. Economic Disenfranchisement

“This is not the norm our ancestors divined, that Romulus and rough-bearded Cato prescribed. For them private wealth was small, the commonweal great... the law forbade abuse of the common turf, and enjoined the adornment at public expense of the towns and temples with fresh-hewn marble.”

-- Horace, *Odes* II.15 (c. 65-8 B.C.E.)

The value of education lies at the heart of the American tradition: in April of 1642, Massachusetts passed a law requiring universal education, “taking into consideration the great neglect of many parents and masters in training up their children in learning and labor, and other employments which may be profitable to the common wealth.” In 1647, Massachusetts established the first system of public education, to combat “the chief project of the old deluder, Satan,” so that “learning may not be buried in the grave of our fathers in church and commonwealth.” Our representational government requires an informed electorate; our economic models assume rational, free actors; learning is touted as freedom from economic insecurity, prejudice, manual labor. This tradition is being undermined, replaced with another.

The use of debt to subdue populations is also an old tradition, one which American laborers, renters, and small merchants all fought against. In his *Inquiry...* of 1814, Thomas Jefferson’s associate John Taylor (a slave owner) discussed the various interests of the creditor and debtor classes:

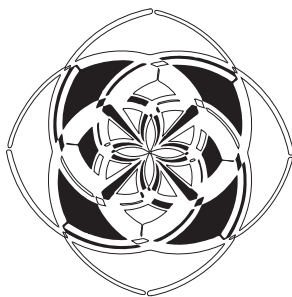
“One interest is a tyrant, the other its slave. In Britain, one of these interests owes to the other above ten hundred millions of pounds sterling, which would require twelve million slaves to discharge, at eighty pounds sterling each... If the debtor interest amounts to ten millions of souls, and would be worth forty pounds sterling round, sold for slaves, it pays twelve and a half percentum on its capitation value, to the creditor interest... This profit for their masters, made by those who are called freemen, greatly exceeds what is generally made by those who are called slaves.”

It is more profitable to put somebody into debt than to own them outright: unlike slaves, debtors don’t need to be fed, housed, clothed. So long as students and adjuncts fail to see their common interest, resistance to our modern system of economic servitude will remain fragmentary.

AN African-American slave worked at the threat of violence; one can be a slave to one's passions; some peoples are liberated, some celebrate past liberations. The typical American works today not at the threat of violence but of hunger, bankruptcy from treatable illness, trapped in a crippling spiritual vacuum where at best the meaning of life is a new car every few years, made pleasant enough by the latest fashions in telecommunications.

Means of economic servitude -- insidious in the scope of their social control and cultural influence -- persist to this day, in forms comparable to the historical conditions that inspired phrases like "wage slavery," "sharecropper," and "ranter" and "beggar."

These dynamics increasingly ensnare the traditional middle-class "white collar," a soon-to-be disposable demographic born of bureaucratic control -- and therefore without cultural traditions of organized resistance to collectivist oligarchies.



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