University, Inc.: The Corporate Corruption of Higher Education

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Recently, as a visiting lecturer at a distinguished East Coast medical school, I had the opportunity to engage students, residents, faculty, administrators, and technology-transfer staff in discussions about the role played by drug companies in biomedical research, clinical trials, and medical education. While there were some expressions of ambivalence about how drug companies interacted with the medical school, the general feeling was one of resignation and acquiescence to the new economy of the modern biomedical university. Federal research budgets are declining in critical areas. Compared with years past, many more proposals ranked highly by the National Institutes of Health and the National Science Foundation peer review panels are nevertheless not funded. Reduced reimbursements for health services mean that faculty clinicians must seek other sources of income. Government fellowships for biomedical researchers are inadequate. All of this means that the business of the university has turned to business. How does a university protect its integrity and core values in the face of these exigencies?

Medical schools are trying to sustain their budgets by rolling the dice on intellectual property investments, by taking on lucrative clinical trials, or by partnering with drug companies on the high stakes of drug discovery and development. The condition in which medical schools find themselves is not the result of bad planning, a weakened economy, or a decline in the demand for physicians or medical services. Rather, for over two decades, it has been the policy of the federal government to weaken the budgets of higher education from public support.

Jennifer Washburn’s book University, Inc.: The Corporate Corruption of Higher Education outlines the broad trends and documents dozens of troubling stories that illustrate the consequences of what she aptly terms the “market-model university.” The central argument of her work, that corporations are investing more in academic research and getting what they want in return, grows out of “The Kept University,” an influential Atlantic Monthly article she coauthored in 2000.

University, Inc. raises two important questions. First, what changes have occurred in the American university over the past several decades? Second, what impact have these changes had on higher education and on the broader society? Washburn informs us that drug companies, along with other corporate sectors, have gained a foothold in America’s universities by taking advantage of new tax and intellectual property incentives. Federal policies supporting university-industry partnerships are based on the dubious assumption that academic entrepreneurship is the best path toward technology transfer and innovation. Washburn quotes a director of clinical trials at one Ivy League medical school as saying, “By making operations more efficient and industry-friendly, universities can bring research back into the academy, and prevent standards from further deteriorating.”

Washburn warns us that the triple-win strategy of university-industry partnerships (more funding for biomedical research, more innovation for industry, less financial dependency on government) comes at the expense of the university’s core values. Moreover, there is reason to question the quality of the biomedical data from studies largely sponsored by institutions, including universities themselves, that have a financial stake in the outcome.

Among the many research areas where objectivity and scientific integrity can be compromised by conflicting interests, it is understandable that the public is particularly concerned about biomedicine, where life and death lie in the balance. Readers of University, Inc. may take pause at revelations such as “Nearly half of the faculty who serve on university IRBs [Institutional Review Boards], charged with protecting human...
subjects, also serve as consultants to
the drug industry,” and “Roughly one-
fourth of the patented inventions in
agricultural biotechnology . . . origi-
nated at public-sector institutions but
are now tied up under restrictive
commercial agreements,” an outcome
that limits free and open inquiry and
scientific innovation. The logic of
academic entrepreneurship has meant
the abandonment of the “knowledge
commons,” which asserts that pub-
licly generated knowledge should be
shared freely with all potential users.

One would be hard pressed to find
a modern research university that has
not bought into the idea that its fu-
ture is tied to the “market model.”

But is the idea generalizable? Wash-
burn argues that most university
technology-transfer offices are not
profitable. Blockbuster rewards have
been reaped by a handful, such as the
University of California, San Fran-
cisco, and Stanford University (both
for recombinant DNA methods), and
Florida State University (for the anti-
cancer drug Taxol). But the failures,
such as misguided efforts on the part
of dozens of state universities to de-
velop income-producing research-
and-development parks, are rarely
discussed. State legislatures impose
the burden of developing income
from intellectual property on publicly
funded universities and penalize them
if they do not succeed. Profitable or
not, technology transfer has become
part of the culture of the research
university.

The standard argument advanced
by unabashed promoters of academic
entrepreneurship is that universities
are faced with a dilemma. They can
either protect their integrity (by strict
adherence to their independence
from the profit motive) or preserve
high academic standards (which re-
quires collaborating with for-profit
institutions to earn income to attract
top faculty and build state-of-the-art
research facilities), but not both. But is
this a zero-sum game? Or can uni-
versities operate within the bound-
aries of technology transfer and still
live by their core values?

In the final chapter of University,
Inc., titled “The Path Forward,”
Washburn outlines the reforms that
would be necessary to bring the pen-
dulum of academic integrity back in
balance. Her four-tier recommenda-
tions are worthy of serious considera-
tion. First, she supports a federally
mandated technology-transfer agency
whose purpose would be to “facili-
tate the commercialization of fed-
ernally sponsored research while pre-
serving academic autonomy.” Such
an agency, she believes, could carry
out the federal mandate of technol-
gy transfer while prohibiting uni-
versities from holding equity or mak-
ing investments in companies that are
created out of federally funded re-
search. Second, she recommends
amending the 1980 Bayh-Dole Act,
which gives to the recipients of fed-
eral grants the intellectual proper-
ity derived from any discovery, so that
universities would have no incentive
to issue restrictive licensing of their
patented discoveries. Third, she
would prohibit conflicts of interest
among researchers, consultants, and
managers in government positions.
Fourth, she would reorganize clinical
trial research to establish a firewall
between the drug industry and the
drug testers.

At a time when traditional sector
boundaries have become blurred
(Congress and the courts; entertain-
ment and news), it may not be sur-
prising that universities are seeking
to reinvent themselves as new hybrid
entities whose rhetoric embodies ir-
reconcilable values: profit and non-
profit, open science and proprietary
science, knowledge generation and
wealth generation. After all, the
transformation of academia is a re-
fection of broader trends in society.
University, Inc. may be a subset of
Government, Inc.

Scandals and Scoundrels: Seven Cases That Shook the Academy
By Ron Robin. Berkeley and Los
Angeles: University of California Press, 2004

Historians in Trouble:
Plagiarism, Fraud, and Politics
in the Ivory Tower
By Jon Wiener. New York: The
New Press, 2004

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E
verybody loves a scandal, at
least if it doesn’t have serious
consequences. A voyeuristic
pleasure accompanies the spectacle
of the mighty brought low by their own
misdeeds. So it’s no surprise that
recent revelations of plagiarism and
other forms of fraud among well-
known writers and academics have
spawned their own mini-industry of
analysis. An earlier day would have
doubt dealt with these cases as
personal matters, perhaps a subject
for psychologizing about why good

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