Academic Bondage

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Business and the University

When we think of academic freedom, we usually think of speech, of whether one can say something controversial in class or outside of class. In the past few years, we might think of Ward Churchill, and I expect there are a number of references to him in this issue. A century ago, the name would have been Edward A. Ross. An academic *Wunderkind* trained at Berlin and Johns Hopkins, Ross was already the secretary of the American Economic Association (AEA) and a professor recruited to the newly founded Stanford University at the age of thirty, in 1896. Evidently, Ross was also outspoken. Shortly after his arrival at Stanford, he made speeches about the U.S. presidential election supporting William Jennings Bryan and free silver, against William McKinley and the gold standard. McKinley and the gold standard were sacrosanct to most of those at Stanford—by one account, supported by six of seven professors, and more consequentially by Mrs. Jane Lothrop Stanford, who controlled the university after the death of her husband, Leland. (The university was founded in 1891 as a memorial to their only child, Leland Jr., who died when young, and Leland Sr. died in 1893.) Mrs. Stanford wanted Ross fired, but the president, who had recruited Ross, lobbied for him to be given a sabbatical and encouraged him to temper his views. Ross kept his comments academic for a while, but in 1900, speaking to a group of San Francisco labor leaders, he inveighed against "coolie labor" and suggested that monopolies would pass into public ownership over the course of the century. Stanford amassed much of his fortune through the Central Pacific Railroad, a monopoly built with cheap Chinese labor. Ross was given six months to get out of Palo Alto.[1]

The case is noteworthy because it was the germ of the AAUP. Ross's expulsion precipitated the resignations of several professors from Stanford, among them Arthur O. Lovejoy. Lovejoy moved to Hopkins (Ross ended up at Wisconsin), where he promulgated the history of ideas, which became a major mode of scholarship for several generations of scholars, and wrote *The Great Chain of Being* (1936), one of the preeminent books of criticism for fifty years. Lovejoy was also one of the founders of the AAUP, cowriting the *Committee Report on Academic Freedom* (known today as the 1915 *Declaration of Principles on Academic Freedom and Academic Tenure*). He wrote the report with Edwin R. A. Seligman, who had worked through the AEA to rally support for Ross in 1900. It appeared in 1915 in the first *AAUP Bulletin* as a kind of mission statement.

Though it became a cause, Ross's case was not unique. In the landmark book by Richard Hofstadter and Walter Metzger, *The Development of Academic Freedom in the United States* (1955), Metzger surveys several cases of professors who were dismissed or forced to resign at the turn of the century because of their political views. Metzger makes clear that the cases were not simply a matter of free speech; they were part of the tension arising from the influence of big business on academe (Metzger's chapter is called "Academic Freedom and Big Business"). Before the Civil War, we should recall that there were no universities as we would recognize them in the U.S.; it was the age of the American college that served a rarefied group of Americans (only about 1 percent of the population attended college, expanding to about 4 percent by 1900), had relatively few professors and almost no research, awarded virtually no graduate degrees, and was modestly funded (Thelin). In the late nineteenth century, in the midst of the rampant growth of industry in a national system (business had been local or regional, without efficient national transport or communication), the university was massively reconfigured, its form defined pragmatically, developing myriad new departments (notably in the sciences, both pure and applied, as well as the social sciences), promulgating research, and absorbing professional schools (which before were independent of colleges and usually proprietary).

The form of the new American university is typically attributed to the influence of the German research model, but I believe that attribution has been overemphasized. The university developed as it did in the U.S. mostly because of the rise of big business, following its model (it was not just German disciplines, but also Taylorized departments, and governed top-down by president and board rather than by faculty) and fulfilling its needs, training engineers, chemists, and economists to build the industrially burgeoning U.S.[2] Its building was literally funded through the incredible new wealth that big business amassed. The largest gift to a university before the Civil War was $50,000 to Harvard; Stanford was founded with $24,000,000 of transcontinental railroad money just forty years later; and Chicago with $34,000,000 from Rockefeller oil money shortly after that (Hofstadter and Metzger 413ff.). Cornell University, founded in 1867, owes its existence in large part to the telegraph, to which Ezra Cornell held significant rights and which boomed beyond his initial long-shot investment, providing the means of communication for a national network of capital, industry, and commerce (Bishop). Our most well-known accounts of the university chart its history along the path of seemingly platonic ideas. In Bill Readings's *University in Ruins*, the University of Reason and of National Culture dominate the nineteenth and early twentieth centuries, but the American university developed in tandem with business and its surplus—certainly more so than European universities, which were typically state-funded or endowed. In the late nineteenth century, they called business corporations "trusts" that controlled ventures like the Central Pacific Railroad. In his 1923 study *The Goose-Step*, Upton Sinclair designated the University of Pittsburgh the "University of the Steel Trust," and Ross in a letter referred to Chicago as "Gas Trust University."[3]

The early proponents of academic freedom were defending their positions against those who controlled this new university—the patrons and their delegates in administration, and the trustees, who nearly all came from business, replacing clergy and other townspeople who oversaw the old college. Academic freedom typically evokes a scenario of an individual making a discrete speech act, but the founders of the AAUP were struggling for guild control and self-governance. This was not out of mere self-interest; the rationale of professions is that they are the best adjudicators of knowledge related to their disciplines, and thus should govern themselves. Professions took their modern form in this era (almost all modern professional organizations started in the late nineteenth century), intertwined with the rise of big business. Professors did not necessarily oppose business, and in some sense they attained their positions from its patronage, but nonetheless they assumed a distance from it and asserted their academic authority.

The 1915 *Declaration of Principles on Academic Freedom* is a classic statement of professionalism, asserting autonomy and guild control. The first sentence invokes the principles of academic freedom in the German tradition, of *Lehrfreiheit* and *Lernfreiheit*, or "freedom of teachers" and "freedom of students" (20). These responded to the conditions of the German system, which was small, centralized, and selective, funded and in turn regulated by the state. And the state did exercise its control: for example, Kant's *The Conflict of the Faculties* was a response to his being censured by the crown for his speculations on religion. His argument for "Reason" as the ordering principle of the university was to establish the autonomy of philosophy and thus his right to question religion in that sphere. (Kant's case suggests that a foundational idea of the university might be Conflict rather than Reason, or at least the constant negotiation among interests, internal and external.) Students were also subject to the regulatory power of the state, through strict channels of entrance, limited admissions, and state-funded tuition, and could be expelled for religious or political opinions. The U.S. system developed much differently. There was little national control on higher education, befitting an American suspicion of governmental strictures; its system was far-flung, encompassing a concatenation of small colleges and larger universities, private and public, religious and secular, teaching and research, and traditional liberal arts and newer applied or practical sciences.[4] American higher education developed largely according to a market-based model (even the early college was market-based, predicated on who wanted to attend and who could pay. Incidentally, 80 percent of early colleges went out of business [Hofstadter and Metzger 211]). The elective system was instituted in the late nineteenth century by Charles Eliot, a long-time president of Harvard and one of the most influential draftsmen of the new university (under the banner of students' freedom). But the elective system was more a pragmatic adjustment to the expansion of new disciplines, rendering instead the classical focus on the trivium archaic, and to the multiplication of paying students, thereby accommodating the American proclivity toward a consumer system.[5] Students were assumed to have academic freedom granted from their fees to attend whichever university they chose (admissions requirements were often lax and irregular), as well as to pursue the course of study they chose (Cornell's motto, still embossed on its seal, was "I would found an institution where any person can find instruction in any study"), so the focus of academic freedom in the U.S. has been largely on *Lehrfreiheit*. After making the requisite scholarly reference to the German tradition, the 1915 *Declaration* focuses on the guild of professors. Academic freedom comes down to us in this way, referring primarily to professors.

Which brings us to the present. There are, of course, several other chapters in the story of academic freedom, notably the struggle against repression during the 1950s, but my point in sketching this history is to emphasize that academic freedom, even if played out symbolically on the terrain of speech, reflects the deeper tensions of the university and its material conditions. In particular, it represents the negotiation—and often conflict over control—with business from the late nineteenth century on, distinctive to the American institution much more so than other countries' university systems. Thus the terms of academic freedom have changed because the conditions of business have changed.

In recent history—in our lifetimes—the shape of business has morphed from the Fordism of the post-World War II years, which supported a strong, redistributive, liberal welfare state, to what David Harvey calls flexible accumulation or, as it is variously called, multinational, postindustrial, consumer, or global capitalism, which prescribes a neoliberal post-welfare state and more concentrated upward distribution. Symbiotic with this morphology, American higher education experienced what historians call its "Golden Age" under postwar liberal policies and funding, producing what I've called "the welfare state university," whereas over the past three decades it has evolved to "the post-welfare state university"—that is, shifting to privatization, most obvious in research, now much more proprietary and more directly at the behest of and benefit to corporate "partnerships" rather than public or disciplinary goals; in tuition, which has risen exponentially and paid largely by students and their families rather than subvented by the tax-base; and shifting to casualization, instituting neoliberal labor policies of low-paid, short-term, contract jobs rather than salaried, permanent ones with standard benefits. These shifts have altered the terms of academic freedom, although our notions of academic freedom, I fear, have not caught up.

Privatization and casualization represent a repeal of academic freedom in a few daunting ways. For faculty, the privatization of research constricts *Lehrfreiheit* through mandating profitable research. This is probably the most familiar pressure on and threat to academic freedom in the new dispensation of the university. (A number of studies, such as Sheila Slaughter and Larry L. Leslie's *Academic Capitalism: Politics, Policies, and the Entrepreneurial University* and Jennifer Washburn's *University, Inc.: The Corporate Corruption of Higher Education*, have diagnosed this trend in detail, so I will not elaborate on it here.) Casualization represents perhaps an even more direct repeal because it cuts academic freedom out from the bottom, withdrawing tenure from a majority of current faculty. (Cary Nelson has been especially good in noting how faculty have been detenured [153-70], so I'll only say a few words here about it.) In my discipline, English, a new Modern Language Association study reports that 32.3 percent of positions are filled by tenure-line faculty—in other words, for the first time in the modern history of the university, an astounding two-thirds of faculty do not have a normative standard of academic freedom. While those without the shield of tenure might have free speech as any American supposedly does, in the strong sense of academic freedom as guild control, we now have relatively little control of our labor conditions and little autonomy.[6] Whatever the ills of the postwar era, the postwar university followed industry of the period in assuming a standard of relatively full employment (over 90 percent of faculty had tenure-line appointments [Benjamin], as steel workers had relatively full and respectable employment). The designers of the postwar university held that peer review—the autonomy of researchers—produced the best science that in turn would bring the best results for our society.[7] In other words, they built academic freedom into their policy—with, by all historical accounts, great success (Newfield). The policymakers of the post-welfare state university think differently, and have installed a steep, hierarchical job system, enforcing the rule of the acquisitive market.

Most attention to academic freedom has focused on faculty—in keeping with the tradition of academic freedom in the U.S., as well as in response to these dramatic shifts. There has been comparatively little attention to students, but *Lernfreiheit* has also been repealed, especially through the exponential rise in tuition and fees, which enact the protocols of privatization. American higher education has always had an entrepreneurial element, as I've mentioned, insofar as it has relied on tuition to a significant degree (in Britain and Germany, tuition was historically free, or funded by the state, although fees have been introduced in the past decade). But tuition historically was relatively small and bearable, even at the Ivies, which one could pay by working during the summer.[8] Inexpensive tuition has been a policy of state universities, from their expansion through the late nineteenth century and particularly during the great expansion of the 1950s through the 1970s. Since the deregulation and drive toward privatization of the 1980s, this has turned around with tuition quadrupling in twenty years.[9] It is often complained that colleges have run amok, but this stems from a deliberate change in public policy.

The jump in tuition is privatization in action, and the cost of college sliding from public means to students and their families has had two draconian consequences. First, it has precipitated a huge jump in student work hours, to an average of 25 hours a week at public universities (less at privates, but 80 percent of college students attend publics, and privates instead have higher loan averages). This has had severe consequences for continuation and graduation rates. Students have been ushered into the world of casualization, and the old image of a student sitting under a tree reading Plato has been replaced with the student behind the counter full-time at Starbucks. (Marc Bousquet has done pathbreaking work reporting this turn in *How the University Works*, so I will refer you to his analysis.) Second, it has precipitated an unprecedented rise in college student loan debt, which barely existed before 1970 and has snowballed since 1980, to compensate for shrunken public funding. We have only recently begun to recognize the consequences of student debt. In spirit, it perverts the aims of higher education, whether to grant freedom of intellectual exploration, or to cultivate merit and thereby mitigate the inequitable effects of class, or, even in the most utilitarian scheme, to provide students with a head start into the adult work world. In practice, it shackles students with long-term loan payments, thereby constraining their freedom of choice of jobs and career (this likely accounts for the rise in business majors and the paucity of humanities majors; although students I encounter are interested in art, literature, music, and philosophy but recognize the sorry fate that awaits those in nonacquisitive fields, as well as for the difficulty of recruiting highly qualified school teachers). It also impedes their everyday lives after graduating, as they bear the weight of the monthly tab, that, like an STD, stays with them long after their college days.

College student loan debt, I believe, has ushered in a new system of bondage rather than freedom, corrupting the best hope of higher education. It is similar, in practical terms as well as principle, to indenture, and thus also corrupts the normative idea of American freedom. For the remainder of this essay I will flesh out some of the ways that student debt forges a new form of servitude for a looming majority of Americans. I also want to promote a relatively little known proposal for relieving some of the most inequitable terms of student debt, "income-contingent" loans. If we care about academic freedom, we need to look more thoroughly at the situation of students and find ways to guarantee their *Lernfreiheit* as well as to protect our *Lehrfreiheit*.

The Inverse of Freedom

When we think of the founding of the early colonies, we usually think of the journey to freedom, in particular of the Puritans fleeing religious persecution to settle the Massachusetts Bay Colony. This vista of freedom is a quintessential American idea. But it was not so for a majority of the first Europeans who emigrated to these shores. "Between one-half and two-thirds of all white immigrants to the British colonies arrived under indenture," according to the economic historian David W. Galenson, totaling some 300,000 to 400,000 people (*White Servitude* 17). Indenture was not an isolated practice but a dominant aspect of labor and life in early America.

Rather than Plymouth, Jamestown was a more typical example of colonial settlement, founded in 1607 as a mercantile venture under the auspices of the Virginia Company, a prototype of "joint-stock" corporations and venture capitalism. The first colonists fared badly since, coming primarily from gentry, they had little practical skill at farming and were consequently ravaged by starvation and disease. Faced with this reality, the Virginia Company shifted to a policy of indentured servitude to draw labor fit to work the tobacco colonies in 1620. Indenture had been a common practice in England, but its terms were relatively short, typically a year, and closely regulated by law. The innovation of the Virginia Company was to extend the practice of indenture to America, but at a much higher obligation—

of four to seven years—because of the added cost of transit and also the added cost of the brokerage system that arose around it. In England, contracts of indenture were directly between the landowner and servant, whereas now merchants or brokers in England's ports signed prospective workers, then sold the contracts to shippers or to colonial landowners upon the servants' arrival in America, who in turn could resell the contracts.

By about 1660, planters "increasingly found African slaves a less expensive source of labor," as Galenson puts it ("Indentured" 368). An economically minded historian like Galenson argues that the system of indenture was rational, free, and fair—one had a free choice to enter into the arrangement, some of those indentured came to prosper, and it was only rational that the terms be high because of the cost of transit—but most other historians, from Edmund S. Morgan to Marcus Rediker, agree that indentured servitude was an exploitive system of labor, in many instances a form of bondage nearing slavery, its close cousin, and regard it as a disreputable aspect of American history. For those bound by this system, indenture resulted in long hours of hard work, oftentimes abuse, terms sometimes extended by fiat of the landowner, little regulation or legal recourse for laborers, and the onerous physical circumstances of the new world, in which two-thirds died before fulfilling their terms.[10]

College student loan debt has revived the spirit of indenture for a sizeable proportion of contemporary Americans. It is not a minor threshold that young people entering adult society and work, or those returning to college seeking enhanced credentials, might easily pass through, but, because of its unprecedented and escalating amounts, a major constraint that looms over the lives of those so contracted. It takes a page from indenture in binding individuals for a significant part of their future work lives; it encumbers job and life choices, as well as permeates everyday experience with concern over the monthly chit; it also takes a page from indenture in the extensive brokerage system it has bred, from which over 4,000 banks take profit. At its core, student debt is a labor issue, as colonial indenture was, subsisting off the desire of those less privileged to gain better opportunities and enforcing a control on their future labor. One of the goals of the planners of the modern U.S. university system after World War II was to displace what they saw as an aristocracy that had become entrenched at elite schools: instead, they promoted equal opportunity in order to build America through its best talent. The rising tide of student debt reinforces rather than dissolves the discriminations of class, counteracting the meritocracy. Finally, I believe that the current system of college debt violates the spirit of American freedom in leading those less privileged to bind their futures.

Indentured servitude might seem a strange and distant historical practice, like burning witches, that we have progressed far beyond. But here are a number of ways that college student loan debt revises for the twenty-first century some of its ethos and features:

- **Prevalence:** Student loan debt is now a mainstream mode of financing higher education, applying to two-thirds of those who attend.[11] If upwards of 70 percent of Americans attend college at some point, it applies to half the rising population. Like indenture through the seventeenth century, it has become a common experience of those settling the new technological world of twenty-first century America, in which we are told continually that we need college degrees to compete globally.

• **Amounts:** Student debt has morphed from relatively small amounts to substantial ones, loosely paralleling the large debt entailed by colonial transport. The average federal loan debt of a graduating senior in 2004 (the most recent year for which statistics are available) was $19,200. Given that tuitions have nearly doubled in the last decade and grants have barely risen, and that debt more than doubled from 1994, when it was $9,000, not to mention from 1984, when it was $2,000, one can reasonably assume that the totals will continue to climb. Also consider that, as happens with averages, many people have significantly more than the median—23 percent of borrowers attending private and 14 percent attending public universities have over $30,000 in undergraduate loans. Added to federal loans are charge cards, estimated at $2,169 per student in 2004; private loans, which have quintupled in number since 1996, when 1 percent of students took them, to 5 percent in 2004, and which have risen in total to $17.3 billion in 2005—a disturbingly large portion *in addition to* the $68.6 billion for federal loans; and, for over 60 percent of those continuing their educations, graduate student debt, which more than doubled in the past decade, to a 2004 median of about $28,000 for those with masters, $45,000 for doctorates, and $68,000 for professional degrees. That is on top of undergraduate debt.

• **Length of term:** Student debt is a long-term commitment—for a standard Stafford, guaranteed federal loans amortized over fifteen years. With consolidation or refinancing, the term frequently extends to thirty years—in other words, for many returning students or graduate students, until retirement age. It is not a brief, transitory bond, say, of a year for those indentured in England, or of early student debtors who might have owed $2,000. To be sure, it is not as concentrated as colonial indenture, but it is lengthier and weighs down a student debtor's future.

• **Transport to work:** Student indebtedness is premised on the idea of transport to a job—now the figurative transport over the higher seas of education to attain the shores of credentials deemed necessary for a middle-class job. The cost of transport is borne by the laborer, so an individual has to pay for the opportunity to work. Some businesses alleviate debt as a recruiting benefit, acknowledging the burden, but unfortunately they are still relatively few. (If you add the daunting amount of hours that students work, one twist of the current system is that servitude begins while aboard ship.)

• **Personal contracts:** "Indenture" designates a practice of making contracts before signatures were common (they were torn, the tear analogous to the unique shape of a person's bite, and each party held half, so they could be verified by their match); student debt reinstitutes a system of contracts that bind a rising majority of Americans. Like indenture, the debt is secured not by property, as most loans such as those for cars or houses are, but by the person, obligating his or her future labor. Student loan debt "financializes" the person, in the phrase of Randy Martin, who diagnoses this strategy as a central one of contemporary venture capital, displacing risk to individuals rather than employers or society. It was also a strategy of colonial indenture.

• **Limited recourse:** Contracts for federal student loans stipulate severe penalties and are virtually unbreakable, forgiven not in bankruptcy but only in death, and enforced by severe measures, such as garnishee and other legal sanctions, with little recourse. (In one recent case, the social security payment to a person on disability was garnished.) In England, indenture was regulated by law and servants had recourse in court; one of the pernicious aspects of colonial indenture was that there was little recourse in the new colonies.

• **Class:** Student debt applies to those with less family wealth, like indenture drawing off the working and middle classes, reinforcing class differences rather than leveling them. That this would be a practice in early modern Britain, before modern democracy and where classes were rigidly set, is not entirely surprising; it is more disturbing in the U.S., where we eschew the determining force of class. The one-third without student debt face much different futures, and are far more likely to pursue graduate and professional degrees (for instance, three-quarters of those receiving doctorates in 2004 had no undergraduate debt, and, according to a 2002 Nellie Mae survey, 40 percent of those not pursuing graduate school attributed their choice to debt). Student debt is digging a class moat in present-day America.

• **Youth:** Student debt incorporates primarily younger people, as indenture did. One of the more troubling aspects of student debt is that often it is not an isolated hurdle, but the first step down a slope of debt and difficulties. Tamara Draut, in her exposé *Strapped: Why America's 20- and 30-Somethings Can't Get Ahead* (2005), shows how it inaugurates a series of strained conditions, compounded by shrinking job prospects, escalating charge card debt, and historically higher housing payments (whether rent or mortgage), resulting in lessened chances for having a family and establishing a secure and comfortable life. The American Dream, and specifically the post-World War II dream of equal opportunity opened by higher education, has been curtailed for many of the rising generation.

• **Brokers:** Student debt fuels a financial services system that trades in and profits from contracts of indebted individuals, like the Liverpool merchants, sea captains, and planters trading in contracts of indenture. The lender pays the fare to the college, and thereafter the contracts are circulated among Sallie Mae, Nellie Mae, Citigroup, and 4,000 other banks. This system makes a futures market of people, and garners immense profit from them. The federally guaranteed student loan program was originally a nonprofit corporation, Sallie Mae, whereas four years ago Sallie Mae became a private, for-profit corporation, averaging extremely high returns.

• **State policy:** The British crown gave authority to the Virginia Company; the U.S. federal government authorizes current lending enterprises, and, even more lucratively for banks, underwrites their risk in guaranteeing the loans (the Virginia Company received no such largesse and went bankrupt). In the past few years, federal aid has funneled more to loans rather than any other form of aid (52 percent of all federal aid, whereas grants account for 42 percent).

My point in adducing this bill of particulars is not to claim an exact historical correspondence between indentured servitude and student indebtedness. But, as I think these particulars show, it is not just a fanciful analogy either. The shock of the comparison, at least to me, is that it has any resonance at all, and that we permit, through policy and practice, the conscription of those seeking the opportunity of education (especially the young) into a significant bond on their future labor and life. While indenture was more direct and severe, like placing someone in stocks, it was the product of a rigidly classed, semifeudal world, before modern democracies; student debt is more flexible, varied in application, and amorphous in its effects, a product of the postmodern world, but it revives the spirit of indenture in promulgating class privilege and class subservience. What is most troubling to me is that it represents a shift in basic political principle. It turns away from the democratic impetus of modern American society, which promoted equality through higher education, especially after World War II. The 1947 *Report of the President's Commission on Higher Education*, which ushered in the vast expansion of our colleges and universities, emphasized that "*free and universal access to education must be a major goal in American education*" (*Higher Education* 36; emphasis in original). Otherwise, they warned, "If the ladder of educational opportunity rises high at the doors of some youth and scarcely rises at the doors of others, while at the same time formal education is made a prerequisite to occupational and social advance, then education may become the means, not of eliminating race and class distinctions, but of deepening them" (36). Their goal was not only an abstract one of equality, but also to strengthen the U.S., and by all accounts, American society prospered. Current student debt, in encumbering so many of the rising generation of citizens, has built a roadblock to the American ideal, and in the long term weakens America, wasting the resources of those impeded from pursuing degrees who otherwise would make excellent doctors or professors or engineers, as well as creating a culture of debt and constraint.

The counterarguments for the rightness of student loan debt are similar to the counterarguments for the benefits of indenture. One holds that it is a question of supply and demand—a lot of people want higher education, thus driving up the price. This doesn't hold water because the demand for higher education in the years following World War II through 1970 was proportionately the highest of any time, as student enrollments doubled and tripled, but the supply was cheap and largely state-funded. So a simple assertion of "supply and demand" does not explain the current turn, and more likely obfuscates it. The difference between then and now is that higher education was much more substantially funded through public sources, both state and federal; now the expense has been privatized, transferred to students and their families.

Galenson argues that "long terms did not imply exploitation" ("Indentured" 369) because they were only fitting for the high cost of transport; that more productive servants, or those placed in undesirable areas, could lessen their terms; and that some servants went on to prosper. He does not mention the rate of death, the many cases of abuse, the draconian extension of contracts by unethical planters, nor simply what term would be an appropriate maximum for any person in a free society to be bound, even if they agreed to the bondage. For Galenson, it's a rational system, or its irrational results don't register. He also ignores the underlying political question: Is it appropriate that people, especially those entering the adult world, might take on such a long-term commitment of constraint? Can people make a rational choice for a term they might not realistically imagine? Even if one doesn't question the principle of indenture, what is an appropriate cap for its amounts and term? In the case of student debt, while it might be a legal choice, it is doubtful whether it is always a rational choice for those who have no knowledge of adult life. One of the more haunting responses to the 2002 Nellie Mae survey was that 54 percent said that they would have borrowed less if they had to do it again, up from 31 percent ten years before. One can only imagine that this informed judgment will climb as debt continues to rise.

Student loan debt is justified in terms similar to Galenson's by some current economists. Because college graduates have made, according to some statistics, around $1 million more over the course of their careers, one prominent argument holds that it is rational and right that they accumulate substantial debt to start their careers. However, while it is true that many graduates make statistically high salaries, the problem is that those results vary a great deal: some accrue debt but don't graduate; some graduate but, with degrees in the humanities or education, for instance, are unlikely to make a high salary; and more and more students have difficulty finding a professional or high-paying job. And the rates have been declining, so a college degree is no longer the guaranteed ticket to wealth that it once was. An economic balance sheet also ignores the fundamental ethical question of requiring debt from those who desire higher education and the fairness of its distribution to those less privileged.

In the past year, there has been more attention to the problem of student loan debt, but most of the solutions—such as the recent interest rate adjustment for current graduates (so the rates didn't rise when the prime rate increased) or laws forbidding graft to college loan officers—are stop-gaps, without impinging on the structure and basic terms of the system. The system needs wholesale change. I believe that the best solution is "Free Higher Ed," put forth by the Labor Party (Reed). It proposes that the federal government pay tuition for all qualified students at public universities, which would cost around $50 billion a year and which could be paid simply by repealing a portion of the Bush tax cuts or shifting a small portion of the military budget. It would actually jettison a substantial layer of current bureaucracy—of the branches of the federal loan program, of the vast web of banking, and of college financial aid offices—thereby saving a great deal. Like free universal healthcare, free higher education should be the goal, and it's not impracticable.

The next best solution, I believe, is "income-contingent" loans. Income-contingent loans, as their name implies, stipulate an adjustable rate of payment according to income. They were first adopted in Australia in 1989, the invention of the educational policy expert Bruce Chapman; they have since been adopted in the U.K., and they are currently supported by The Project on Student Debt (see their Web site). They represent a pragmatic compromise, like health care proposals that combine public and private insurance, between free tuition and the debtor system we have. They provide a safety net for those most in jeopardy, with the most debt but least resources, and they stipulate a reasonable scale of payment for those doing better.

One of the most pernicious aspects of the current structure of student loan debt is that it puts a particular burden on those who have lower incomes, especially at the beginning of their careers, because the repayment schedule is fixed (there are very limited terms of forbearance, capping at four years). For instance, an elementary school teacher with a salary of $23,900 (the 2005 median) who has a debt of $40,000 for four years at a private college, would have to pay about 15 percent or more of her salary, before taxes. After taxes, it might be closer to 25 percent, which would make ordinary living expenses difficult. A cardinal virtue of income-contingent loans is that they stipulate a minimum threshold below which one does not have to pay—$23,242 in Australia in 2002 (Chapman and Ryan). Income-contingent loans protect those most at risk.

Income-contingent loans also have other safeguards and measures of fairness. Beyond the minimum threshold, they stipulate a sliding scale, in Australia beginning at 3 percent and rising to a cap of 8 percent, so if the teacher got a raise to $30,000 she might have to pay 4 percent. In the U.K., the cap is 6 percent. They adjust over the long term, so that if a graduate starts with a low salary but eventually makes a sizeable income, then it seems fitting that he pay a higher rate. If you graduate from Carnegie Mellon, where I teach, and get a job in engineering for $80,000 a year, it does not seem an inordinate burden to pay $4,800 a year. But it does seem unreasonable (without dealing drugs on the side) that you should have to pay $400 a month when you make $18,000 a year.

The real shift is that income-contingent loans obligate someone's actual salary. They absorb some of the risk, in a sense, of those who do not attain high salaries, but they also have a certain fairness: they are a kind of tax levied on the actual economic value of a degree, rather than the imagined value. One counterargument is that this is regressive and unfair—as with income taxes, those who make more pay at a higher rate. But I argue that the current system is unfair and unbalanced, insofar as some people derive more benefit from a college degree. For instance, at Carnegie Mellon, the value of a computer science degree is far higher than one in English, so those in computer science should have to pay proportionately more—or they are being subvented by English students. The Australian system adjusts for degrees in fields like the humanities.

One practical problem of income-contingent loans is collection. The U.K. solved this by administering loan charges through income tax. While this would require a new line or worksheet on one's yearly tax report, it would rid one of payment books and complicated refinancing plans, and greatly reduce the many layers of financial aid offices, the federal loan system, and the middle-men of banking, saving substantially more paperwork as well as money than the system we now have. Banks will lobby that this is inefficient, but the tax system works, it's already in place, and the current system, with its multiple brokers, is hardly more efficient. They would probably also invoke the specter of socialism, but the present system is already socialized, insofar as the federal government guarantees the loans—with banks rather than students gaining a good deal of the benefit. Income-contingent loans would shift the benefit more fully to students.

The College Student Relief Act of 2007 institutes an "Income-Based Repayment Option" on the model of income-contingent loans. This is a feint in the right direction, but a regrettably muddled one. It mandates qualifying for economic hardship through a labyrinthine process and relies on an overly complicated formula based on the amount of one's adjusted gross income exceeding 100 percent of the poverty line, then caps payments at 20 percent of that, which often results in a still substantial payment. (Considering the 2006 poverty line of $10,488 for a single person, our elementary school teacher would have to pay 20 percent of $13,412, or $223.53 a month; in the other systems, she would have to pay little or nothing until her salary were higher.) The advantage of the Australian and British models is that they apply to everyone—one does not have to file yet another set of forms to find out if one qualifies, nor can one be rejected—and payments are based on a fixed and clear scale. The Relief Act shows admirable concern for the problem, for instance cutting interest rates from 6.12 percent in 2007 to 3.4 percent in 2011 (much to the displeasure of banks), but, as with the health care system, adds another codicil to an already confusing web of regulations. The Australian and British systems work, and are standardized and simple, with one plan for all.

Although it seems as if it has crept up on us, student loan indebtedness is not an accident but a policy. It is a bad policy, corrupting the goals of higher education. The world we inhabit is a good one if you are in the fortunate third without debt, but not nearly as good if you live under its weight. Student debt incurs bondage rather than freedom, producing inequality and over-taxing our talent for short-term, private gain. As a policy, we can and should change it.

Notes

[1] For accounts of Ross at Stanford, see Haskell 48-54 and Hofstadter and Metzger 436-46. See also Upton Sinclair's report on higher education, *The Goose-Step*, which gives contemporary flavor, as well as recounts the shady dealings of trustees (152-57). Ross's case might explain some of the reaction to Churchill's remark about those who worked in the World Trade Center, some of whom were masters of the financial universe; like Ross, he took aim at the economic monopolies of his time. I personally find the remark about "little Eichmanns" appalling, although it parallels Ross's excoriations of "coolie labor," which were vehemently racist. It is also skewed insofar as many of those who died in the towers were not technocrats but service workers—secretaries, maintenance staff, and firemen.

[2] This is how Trachtenberg describes the shift: "But new economic conditions in fact marked a radical discontinuity with the past difficult for many Americans to grasp. The new breed of business leaders were often skilled in finance, in market manipulation, in corporate organization, entrepreneurial skills unimaginable before the war. Moreover, they conducted their daily business through a growing system of managers, accountants,

supervisors, lawyers [. . .]. The process of invention and technological change lay increasingly in the hands of university-trained engineers and applied scientists, representing an entirely new institutional formation which had mushroomed [. . .]" (54).

[3] Qtd. in Metzger 428n. Besides Trachtenberg's history, see Veysey for the standard account of the rise of the U.S. university; Turner on the "myth" of the German model; Barrow on the shift in control from religious leaders to businessmen; and my account of the history in "The Post-Welfare State University." Though Trachtenberg tells the story of incorporation permeating American culture, he only mentions the university in passing; conversely, most accounts of the university do not sufficiently take account of the efficient and formal causes of business, the rise of a national market, and consumer culture.

[4] To call it the American university is shorthand for a diverse range of institutions that adapted to their different locales and uses. Early figures like George Washington and Thomas Jefferson had proposed a national university (see Hofstadter and Smith), but because of the suspicion of state control, the proposals floundered, whereas many European universities were national institutions, like Berlin or the Sorbonne.

[5] See Eliot's 1885 address in Hofstadter and Smith 701-14. His primary argument for the elective system is "freedom of choice of studies" (701). See also Thelin 106-08.

[6] I would speculate that one reason for the recent, vibrant interest in "the aesthetic" in literary and cultural studies is a symbolic assertion of autonomy—of those few of us left with tenure-track jobs. It does, however, seem to be appreciating the music while professorial jobs burn.

[7] One of the side effects of the increase of adjuncts is higher dropout rates, among other things—in other words, it not only is bad for those with insecure jobs, but also for students. See Ehrenberg 31-70 for an econometric labor analysis.

[8] See Mortenson. For a nonsociological but historically revealing account, see also Johnson's *Stover at Yale* (1911), the classic campus novel that depicts a main character who works for a logging company during the summer to pay his tuition.

[9] See the *Digest of Education Statistics*. At the same time, median family income doubled, so the rise in tuition has taken up an accelerating share of disposable income. With particular consequence for student workers, the minimum wage rose only by a factor of 1.5 during the same period; see Mortenson for a telling comparison of hours a week required at minimum wage to pay tuition, roughly from 20 hours a week before 1980 to over 50 hours a week now at publics, and from about 40 hours to a stunning 130 at privates. See also my essay "Debt Education," for the rise in tuition and the way in which it reconstitutes higher education as a private rather than public service.

[10] See Levine, et al. (Rediker is one of the authors) on the history of indenture (48-53). As Eric Williams puts it in his standard study *Capitalism and Slavery*, "Servitude, originally a free personal relation based on voluntary contract for a definite period of service, in lieu of transportation and maintenance, tended to pass into a property relation which asserted a control of varying extent over the bodies and liberties of the person during service as if he were a thing" (16).

[11] These and subsequent statistics come primarily from the *Digest of Education Statistics* for postsecondary education gathered by the National Center for Education Statistics (NCES) of the U.S. Department of Education. See also the College Board's "Trends in College Pricing" and "Trends in Student Aid"; the National Postsecondary Student Aid Study (NPSAS) of the NCES; and the various and helpful fact sheets and reports of The Project on Student Debt. All are available online.

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