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## The "Power" Problem on Campus: An Economist's View

MUCH of the current crisis atmosphere in the universities revolves around the question of the locus of power — student power and faculty power. From all sides, one hears the opinion expressed that students and faculty, who have until now languished passively under authoritarian college administrations and boards of trustees, are entitled to share in the running of their university. A democratic university — one which permits faculty and students to participate in the host of administrative decisions which affect their lives — requires, we hear, a massive structural revision in the direction of greater direct student and

and violent tactics — a most unfortunate one, the result of badly confused thinking on the role of the university in society, and likely to be responsible for serious deterioration in the quality of higher education in this country. Let it be emphasized that what is being criticized here is not at all the very sensible opinion that student and faculty views should help determine university decisions in a meaningful way. The error, as we will discover, lies instead in the naive demands for a sharing of the *ultimate* responsibility for the university with faculty and students.

The attitude underlying the contemporary cries for greater student and faculty power is something like the following. The university is seen as a kind of self-governing community — comprised of administrative, faculty, and student members. However, the government of this community has until now been concentrated almost exclusively in the hands of the first of these groups: the administration — a group which is, in turn, answerable to the trustees or a similar body. Students and faculty, although they spend years of their lives in this community, have until recently been treated, in effect, as children, with the most important aspects of university life legislated upon without their being consulted in any meaningful way. Democracy requires a change that will replace govern-

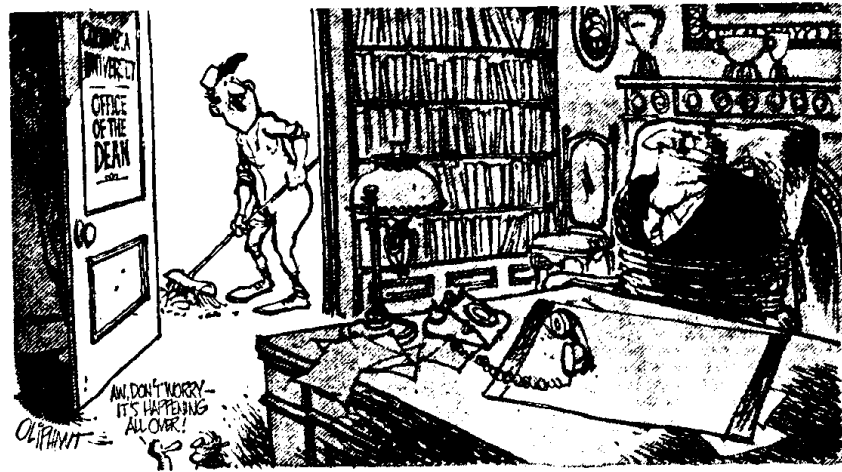


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faculty power. And there is no doubt that a feverish rush toward "democratization" is already under way on the part of college and university trustees and administrations fearful of campus disruptions by students and even by faculty.

In this writer's opinion, this tendency is — quite apart from the issue of disruptive

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Oliphant ©The Denver Post.

"Students been giving you some heat again?"

ment by trustees and administrators with a government in which all the member groups of the community will participate. Campus stability requires that university rules be formulated on a procedure that ensures that student and faculty views be taken into direct account. (More extreme versions of this attitude would relegate administrators to an even more insignificant role.)

But this attitude completely misunderstands the economic relationship between the university and society in general. **This attitude might be an appropriate one if a university were an economically independent entity, that is to say, if its ability to support its activities were unrelated to the character of these activities.** If this were the case, arguments in favor of "democracy" within the university might perhaps carry weight. But, of course, the reality is quite a different one. The university, in order to carry on its activities, must compete for economic resources with alternative social purposes. It must, therefore, like other enterprises, win support for its activities by virtue of the importance of these activities to others.

**ULTIMATE** responsibility for the university, then, does not and cannot mean merely the responsibility to act as steward over *given* resources — which re-

sponsibility might then, at least in principle, be shared jointly with faculty and students. *Ultimate* responsibility for the university must mean the responsibility both to *marshall the resources necessary* to carry out the declared purposes for which the university is intended, and to *deploy these resources* in a manner faithful to the declared purposes. To fail to see this simple truth is to be hopelessly unrealistic. That this simple truth may be an unpalatable one is not surprising. The economist is accustomed to reactions of outraged shock whenever he points out that some noble and lofty goal competes for resources with other important purposes — and must justify its claim to these resources. But to the eyes of the economist, a refusal to recognize the importance of calling attention to such mundane matters as the need for justifying resources used, is worse than to be airily unrealistic and naive; it borders on an arrogant conviction that all the other purposes of people in society must bow unconditionally to the needs of the university, no matter how or what the university turns out to be.

Who *should* bear the ultimate responsibility of marshalling and administering the resources needed for the university? In a free society this question is an inappropriate one. In a free society *anyone* may, if he chooses, act as an "entrepreneur." Anyone may, if he believes himself able to under-

take the task, set out to build the institution he chooses. To do so he must convince owners of resources that it is worth their while to entrust their resources to his stewardship. He may, conceivably, be able to do this on a strictly businesslike basis. He may be able to produce a saleable brand of education for which students are willing to pay sums sufficiently high to return a profit to investors. In this situation what is chosen to be produced and sold is a brand of schooling, carefully attuned to the needs of the prospective employers (reflected by the salaries that prospective graduates can expect to command), to the tastes of the immediate consumers — the students (as reflecting their willingness to undergo the rigors of the course of training being offered), and to the attitudes of the teachers (as reflected in the salaries and working conditions for which they are willing to sell their teaching skills). In such cases the paramount importance of paying careful attention to student and faculty opinions is abundantly clear — without, of course, the slightest need to share ultimate responsibility with anyone.

Or the “entrepreneur” may, on the other hand, persuade owners of resources to invest in an institution which cannot promise to return a pecuniary profit on investment. To do this he must convince philanthropic resource owners that his institution will fill a social need which these philanthropists are prepared to support. In this situation what is chosen to be produced by the entrepreneur will be a brand of schooling which not only reflects, in part, the attitudes of prospective employers, students, and faculty, but reflects also the philanthropic goals of the resource owners.

OF course, the “entrepreneur” may well be one of the resource owners or one of the consumers. He may be a teacher or a student, or a group of teachers and/or students. Who the “entrepreneur” is does not affect the basic relationship between the individual responsible for the institution and all those affected by its activities. Ultimate responsibility for the university, as for any enterprise or institution, will, in a free society, inevitably tend to come to rest in the hands of those able to choose successfully a mix of educational inputs and a mix of outputs that yields a return — whether in the form of pecuniary yield, or in the form of the psychic satisfaction to

the philanthropist (who “enjoys” contributing to what he considers to be the betterment of society, or to the advancement of what he considers to be significant knowledge). It may well be that the successful “entrepreneur” of the university will be he who knows how much power to delegate to faculty and to students. But the ultimate responsibility must be his who is able to convince “investors” that he can secure them a return.

The possibility of state-supported universities does *not* alter the picture. The state may act as “entrepreneur” for the universities, raising the necessary support by taxation. Presumably taxpayers exercise, through their representatives, control over the purposes which they are supporting with their tax dollars. In a democratic society, the justification for the taxation must lie in the quality of the institutions supported.

No matter, then, how a university happens to be run — whether as a profitable business, a philanthropically supported institution, or a state-supported institution — decision making must relate output to the mobilization of the resources necessary for input. As far as prospective new institutions are concerned, anyone — not excepting prospective faculty, students, or janitorial staff for that matter — may seek to set up institutions which they believe can justify support. Their convictions can then be tested against competition in the relevant markets — the market for teachers, for graduates, for students, for philanthropic support, or in the competitive arena of those seeking government subsidies.

For anyone to attempt to control, or to share in the control, of an *existing* institution, is, however, quite another matter. Anyone may, of course, seek to persuade the present entrepreneurs — be they trustees, administrators, or whatever — of his own eligibility and suitability to run the institution. Times change, the tastes of students, teachers, and philanthropists change, and it may be entirely in order for an existing institution to change its direction. But such a bid, for a change in the pattern of control, cannot rest on grounds of “democracy” — which simply have no relevance in this context (except as a possible tool to be used by the entrepreneur to further the purposes of his institution). Such persuasion must rest on the ability to achieve, with superior efficiency, those goals selected by the entrepreneur as feasible in



"Anyone . . . may seek to set up institutions which they believe can justify support." (Rockford College, Illinois, is, to a large extent, proof of this statement. Founded in 1847, it languished in relative anonymity until the arrival of Dr. John Howard, whose philosophy of an independent, private education attracted wide support, enabling the college to increase dramatically its enrollment and facilities.)

the light of the market constraints that are operative.

To demand that control over an existing institution be surrendered, in whole or in part, is to demand that one set of entrepreneurs arbitrarily—that is, without reference to the degree of success with which the "investors" can be assured a "return" on their investments—hand over their enterprise to another set. The ironic tragedy of such a demand does not lie, perhaps, so much in its trampling upon existing property and other rights as in its threat to the very future of the relevant institution. As soon as the direct entrepreneurial link between the supporters of the university and the university itself is severed, the university is in jeopardy.

IT is not difficult to understand the reasons why the demands for student and faculty power have gained currency despite the above considerations. The naïve observer is not fully aware of the necessary link between the institution and its supporters. Very often an atmosphere is deliberately fostered to mask the dependency of

the university as an institution upon outside, private or government support. Faculty and researchers are extremely jealous—and rightly so—of their independence from trustee, donor, or government interference with their work. But the wholly justified insistence that the supporters of education understand and respect the intellectual integrity of those whose educational endeavors they sponsor, has become transformed into the spurious notion that the supporters of education do not (and certainly should not) exercise ultimate responsibility for the uses to which their resources are put.

The illusion has resulted that the university is costless, or at least, that its activities, whatever they may be, can somehow be carried on regardless of cost. But the basic economic fact of life remains that in a free society ultimate control over the university *does* inevitably rest in the hands of those able to convince supporters of the worth of their final educational product. Only in an atmosphere in which a conceptual gulf separates the need for support on the one hand, from the substantive activities of the university on the other hand,

could the current view of the university as an insulated island, an isolated community of scholars and students, arise.

CONTINUED efforts to treat the university as an economically independent entity can only tend to bring about results that must be described as disastrous. To the extent that the power changes forced by student or faculty pressure result in an institution out of line with the goals of its supporters (private or government), the outcome must inevitably be a tendency towards the erosion of their support. A university, the control of which is the issue between competing power groups, is *not* a given asset being contested for by rival claimants. An asset's existence does *not* depend on the identity or the motives of its possessor; a university's existence depends on the availability of support—which cannot be expected to be provided without regard to the purposes of those under whose stewardship the university rests.

In a free society the erosion of the support for a given existing institution does not necessarily mean a long term net loss from the view of society. Support withdrawn from one institution may be available for the support of other, or new institutions. But to the extent that established institutions suffer decay and decline, society itself suffers "short-run" losses (which may, by the by, persist for a long time). And of course to friends of existing institutions the prospect that eventually new institutions will emerge to replace the old, is small comfort. It is not merely the past supporters of the established institutions who suffer losses when they discover that their investments in these institutions have gone sour. The erosion of such support represents a social loss, to the extent that the capital sunk into these existing institutions obtained its value from the expectation of continued support.

The point being made here is not that the supporters of a university, philanthropic or governmental, *should* have the power to control the university. The point is simply

that the economic facts of life mean, ultimately that they *do* have this power. (And let it be noticed that from the neutral perspective of the economist, this ultimate control is not at all inefficient. With a given distribution of resources, a society "should" — as a matter not of ethical rightness, but of efficiency — get the universities which are desired by those willing to make the sacrifices needed for them. And this does not prevent the economist from recognizing that what donors desire *may* be quite "wrong" from the educational and cultural point of view.) Moreover, recognition of this ultimate economic control does not, at all, necessarily spell the impossibility of free academic inquiry. Hopefully, supporters will deliberately seek to shape an institution designed to promote free inquiry and to respect the intellectual integrity of its faculty and students. But we must recognize that this is a hope which depends on the *willingness* to do so on the part of those whose resources support the university. (An entirely appropriate question in this regard is that touched on briefly by Professor Stigler in his well-known essay, "The Intellectual and the Market Place," of whether state support is more or less likely to conduce to an atmosphere of academic freedom than private philanthropic support.)

AND once again, let it be stressed that supporters may well elect to delegate wide powers to faculty and to students. To differing extents this is, indeed, the almost universal practice. And it may be an entirely desirable policy to extend this practice further. The point being made here has nothing to do with this possibility. It deals only with the demands and procedures for power shifts within the university that rest upon the call for the *surrender* (partial or total) of the *ultimate* responsibility and power that rest on the supporters of the university. It is the calls for this kind of surrender which are both economically unrealistic and socially harmful.