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Universities, the Risk Industry and Capitalism: A Political Economy Critique

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Introduction

This chapter explores the growth of what we are calling 'the risk industry' and its rapidly expanding role in both servicing and governing the university as a social institution (Huber, 2011) during a period of significant transformation in the reorganisation of contemporary capitalism.

Risk was at the centre of Ulrich Beck's claim that societies were moving into a new phase of modernity. For Beck, we not only face the collapse of modernity's certainties around progress, but a darker, more uncertain, reality; a risk society shaped by fragmentation, individualisation, globalisation and environmental disaster (cf. Beck, 1986, 1996, 1999).

Risk has also emerged as a newer strategy for governing the university and those within it. Originating in the finance sector, 'risk' has become the lingua franca of business management, and is rapidly colonising more and more public policy domains, including higher education. As of 2000 in the UK, universities are required to accompany all of their decisions with risk management calculations and produce risk strategies. Layered onto New Public Management (NPM) governance strategies (Hood, 1991), risk technologies have transformed NPM into what Hood and colleagues (1999) now describe as a 'risk regulation regime' (Hood et al., 1999).

Risk has also become big business, and selling risk solutions to universities a new market to be serviced. Risk templates, tools, frameworks, and training, are developed by consultancy firms and sold to universities. Newer products and approaches replace those deemed to now not to meet the ISO 31,000 standard for quality risk management. Universities are even told their 'reputations' are at risk if their position on any of the 'world university' rankings or 'good university guides plummets. This, despite the fact these guides and rankings are largely commercially-driven activities, with a commercial interest in generating sufficient turbulence and sense of vertigo (Robertson, 2014) for universities because this is what sells newspapers, on the one hand, and opportunities for the sale of new services, on the other.

Yet we have a problem with much of the literature on risk and the university in that it fails to locate universities in the context of contemporary capitalism, and the relationship between growing social and economic inequalities, greater education inequalities, and the unfolding commercialisation and commodification of universities. This is despite the burgeoning risk industry which services the university, or the ways in which products, like world rankings, are parasitic upon, and turn the wheels of, the risk industry. Similarly, Beck's risk society thesis has very little to say about the changing nature of capitalism and what this means for social institutions, such as universities, who play an important role in the production of political elites, in social reproduction, and increasingly as a producer of wealth for the economy (Matthewman, 2014). Much like Fraser's (2012) cunning of history argument; that the feminist movement unwittingly supplied a key ingredient of the 'new spirit' of neoliberal capitalism through the way in which the cultural turn in second wave feminism 'swallowed up' political economy, our argument is that the failure to link risk and the university to the dynamics of contemporary capitalism, in turn occludes important social and political processes and outcomes (Piketty, 2014; Streeck, 2014). Ours is thus a political economy critique of the risk industry and universities in contemporary capitalism.

Our chapter will proceed in the following way. We begin with Beck's risk society thesis, before moving to a discussion on risk governance and the risk university thesis. In the final section we argue that what is at stake when 'risk' theories become anchored in either a limited engagement with capitalism, on the one hand, or a depoliticised view of risk tools, on the other, is that it deflects attention away from better understanding of the wider political, economic and social class dynamics shaping universities and their futures.

Beck's Risk Society

Ulrich Beck (1996) outlines a powerful analysis of the ways in which the rise of the risk society is transforming social reproduction, nature and ecology, intimate relationships, politics and democracy. From his highly influential 1992 volume *Risk Society* through to *World Risk Society* (1999), Beck has insisted that the notion of risk is becoming central to our global society. Beck's 'risk society' thesis argues that modernity introduces *global risk parameters* that previous generations have not had to face, largely as modern institutions are not able to control the risks that they have created.

Yet as societies attempt to control the future in the form of societal interventions, then what were once incalculable hazards (natural disasters and so on) become political issues to be managed. The rise of this more instrumental form of rational control permeates all forms of modern society – from the individual to the institutional and nation. Risk calculations in turn come to dominate all spheres of activity – from calculations around medical treatments to returns on investments in higher education, including what the rate of return might be (private wages/public good) into the future as a result of one's financial investment.

Beck's second pillar centres on the idea of *reflexive modernisation* – which he argues emerges from the 'self-confrontation' of the dark side-effects of progress. These side-effects come to dominate thinking and behaviour, and the short-circuiting of this through organised irresponsibility (Beck, 1996: 28). In other words, a contradiction emerges between public awareness of the risks produced by and within the social-institutional system, on the one hand, and the lack of attribution of systemic risks to this system, on the other hand. And as Elliott (2002: 298) observes: "This self-created dead end, in which culpability is passed off on to individuals and thus collectively denied, is maintained through political ideologies of industrial fatalism: faith in progress, dependence in rationality and the rule of expert opinion"

A third pillar is *individualization* – which is not so much about risk, but about 'choice' (Beck, 1996). For if risks are an attempt to make the incalculable calculable, then risk monitoring presupposes agency, choice, calculation and responsibility. And as more and more areas of social life are disembedded from tradition, or opened up to free market logics, as we can see in education sectors in many parts of the world, then existing social forms and categories, such as 'student' 'lecturer', 'university', are forced into making decisions about lives, courses of action and futures, guided by ideas such as choice, risk, and uncertainty. Yet this, as Beck points out, is not without its problems, as choice and experimentation also bring problems because they can be both progressive and regressive. For instance choice policies can be regressive in that in some spheres of life, not all choosers can choose. Indeed there is much evidence in the

education choice literature, for example, that shows it is the middle and upper social classes who are able to exercise choice whilst the working classes are less able to (Ball, 2003). This is because of the 'positional good' nature of education, which means that there is intense competition for acquiring a particular kind of education that can be valorised in the labour market, and as a means of social mobility (Brown, 2003). This competition is increasingly global, and feeds the globalising of the university.

Beck's thesis received a great deal of airplay in the 1990s and continues to be influential, particularly amongst contemporary risk and regulation theorists, including Michael Power (see Power et al., 2009). And it is true; the language of 'risk' has deeply penetrated the lexicon that is put to work to reorganise the management of different kinds of organisations, including the university.

But we want to suggest, following Alexander (1996: 135) and Matthewman (2015), that Beck's risk thesis offers us a rather unproblematic understanding of risk – as utilitarian and objectivist – and that his model has deep infinities with neo-classical economics, rational choice theory and methodological individualism. As a result, it shares the conceptual and political limitations of this work. For instance, political conflicts for Beck (see 1992: 35), along with power and domination, are recast as a risk that is equally shared, and thus has an equalising effect. Yet there is a considerable body of evidence that our worlds are even more unequal than they were in the 1980s and 90s, and that these inequalities can be linked to neoliberalism as a political project (cf. Streeck, 2014; Dorling, 2015; Sayer, 2015). Beck's thesis – of 'we are all in it together' – by underplaying the unequal distribution of power, resources and opportunities in neoliberal market societies, distracts us from addressing these dynamics and their outcomes.

Risk Governance

There is now a huge literature on risk and its management, leading Rothstein et al (2006: 92) to suggest not only has risk become the *lingua franca* of business management, but that it has also begun to colonise more and more public policy domains. In short, risk is seen to be all pervasive; it is expanding and demanding, in turn requiring more and better tools to ensure its management.

Yet this was not always the case. In the business management literature in the 1990s, ideas like 'risk and regulation' were broadly understood to refer to "…the organised control of environmental and human health and safety hazards through a range of legal instruments and management systems" (Rothstein et al., 92). This could include what to do with hazardous chemicals, workplaces and issues of safety, the consequences of flue pandemics for health services, or the likelihood of traffic accidents. To deal with such risks we took out insurance policies – ranging from health to life-expectancy and vehicles, with the risks being calculated by actuarial science experts working mostly for insurance companies.

Over the past two decades, however, risk has emerged as a key organising concept for governments and their regulatory regimes, enabling an extension in the reach of governance deep inside organisations, on the one hand, and as a means to shape the behaviours of individuals, on the other. In the UK, a risk-based approach to regulation was adopted by the New Labour Government in 2000, and progressively rolled out to policy domains that included education, housing, the environment, and financial services (UK Cabinet Office, 2002). There are now a proliferation of different kinds of risks to be managed with their own approaches to management; Verbano and Venturini (2011) identity seven different types –

including financial risk management, strategic risk management, clinical risk management, engineering risk management and project risk management.

Rothstein et al (2006: 92-93) argue that risk has been embedded in regulation in two ways; one societal and the other institution. First, regarding societal risks, they argue that there has been a quantitative expansion across policy domains to include more and more areas of social life – from the management of criminals to stress in the workplace. In short, there are fewer and fewer areas of social life that do not come in for risk scrutiny. Second, regarding institutional risks, these are the risks to organisations who are regulating and managing societal risks, so that it is both the regulated *and* the regulator who now engage in a dance around the risk of risk management arising from cost over-runs, the failure to deliver, potential loss of reputation, and so on.

Much of this risk governance research describes the ongoing development of risk management tools and toolkits (cf. Jordan et al., 2013) including risk maps (Jordan et al., 2013), the development of risk management guidance and standards (such as the 2004 Committee of Sponsoring Organizations of the Treadway Commission – COSO) (cf. Power, 2009; Huber and Scheytt, 2013), the development of more comprehensive, all-encompassing approaches to risk, such as Enterprise Risk Management (ERM) (Arena et al., 2010), and its conceptual innovations – including risk maturity, risk appetite and risk transfer. More serious, however, is that ERM assumes that all risks for organisational strategies can be rendered commensurate in financial terms - a legacy of its origins as a tool in the finance sector, and a conception of risk management which is positive, entrepreneurial, and explicitly at the service of wealth creation (Power, 2009: 850).

This radical expansion has been accompanied by emergence of the voluntary risk standards, such as ISO 31,000, which open new opportunities for specialist firms to offer training for key personnel in their organisation whilst further legitimating risk as a technology for governing at the same time as selling a new product and making a profit. Bywater Excel (2015) is one such specialist company located in the Midlands in England, close to many agencies and regulatory bodies. It offers one day training courses on ISO 31,000 Risk Management aimed at managers, design teams and auditors – amongst others, it promises that its delegates will be able to interpret the principles of Risk Management within ISO 31000 and the generic risk management framework, evaluate how business risks impact on each other, and how to identify appropriate treatments and controls and choose those best suited (Bywater Excel, 2015 website).

Yet despite the promise of certainty, risk governance is full of tensions, contradictions and ambivalences, leading commentator on audit and risk, Michael Power, to argue that an impoverished concept of 'risk appetite' is part of the intellectual failure at the heart of the 2008 financial crisis (Power, 2009). More importantly, he points to the ways in which risk models like ERM, tends to act rather like a thermostat which "…adjusts to changes in the environment, subject to a pre-given target temperature" (Power, 2009: 849). The problem here is that in adopting this 'canopy like view' of the organisation, that risk management approaches like ERM assume it can represent an organisation as an integrated whole; this is a view that comes from financial accounting. Yet all organizations, including universities, are embedded in wider social networks and flows (such as finance, people, ideas), whose dynamics create a high level of

contingency in the system. This is also increasingly the case for universities the more they are pulled into the circuits of capitalism – for whilst the future can't be known, risk management tools promise to be able to know, and direct that future. This has led Power to ask: "How has the ERM conception of risk management gained such a strong institutional toe-hold? The answer is complex but would point to the cultural and epistemological processes of financialization which have shaped the increasingly reductive manner in which organizations are conceptualised, known, managed and regulated" (Power, 2009: 851).

Power's questions are also our questions. Where do risk technologies come from? Whose interests do they strategically advance? And what are their consequences for the institutions and societies where they play a growing role? One answer is that "…the knowledge base of ERM connects to the wider political economy of professional advisory firms – the very firms who will be enlisted and will offer themselves for reforming risk management practice. ERM systems cannot represent embeddedness in the sense of interconnectedness; its proponents seem only able to demand an intensification of embedding at the level of the individual entity" (Power, 2009: 853).

The expansion of risk as an imaginary, and risk technologies as the solution, arise in part because they are promoted particularly by large global consultancy firms like PricewaterhouseCoopers (2015, website) with whole divisions devoted to risk consulting services, housing risk leaders who are specialists in particular kinds of markets. There is considerable money to be made by these firms in promoting risk frameworks and tools aimed at ensuring 'mission effectiveness' and 'profits'. Risk in PricewaterhouseCoopers' terms is not just a threat or a hazard, but an opportunity.

An organization's ability to effectively mitigate and capitalize on risk is a growing differentiator in the marketplace with direct impact to business profit and mission effectiveness. In a world of greater complexity, uncertainty and accelerating change, PwC's Advisory Risk Consulting practice positions resilience as a strategic imperative. Teams work cross-functionally within client organizations and with other PwC specialists to factor risk into strategy, finance, operations, and compliance, while distinctively integrating the traditional disciplines of risk management. PwC supports clients in defining their strategy, formulating business objectives and managing performance while achieving a balance between risk and opportunity/return (PricewaterhouseCoopers, 2015, website).

Despite the ubiquity of risk as an imaginary and set of technologies, Schiller and Pypich (2014) point out it is not a well-researched field as it is dominated by the same consultants who produce confidential reports for clients and selected surveys for wider audiences. As a result: "The former does not permit wider dissemination of findings and subsequent advancement of explanations, and the latter is largely based on subjective perceptions, e.g. of risk officers reporting their perception of the field" (Schiller and Pypich, 2014: 1000).

There is also a further problem with the development of a more critical approach to risk; most of the research is conducted in business schools. And as Foucade et al, 2014) argues not only are these researchers from disciplines like economics, or the less well respected accounting and management fields, but their material circumstances in the academy buoyed by consulting fees, their worldviews, and their social and political connections to corporations, has resulted in a very high degree of insularity from the wider social sciences. There is little incentive here to develop a more critical account of risk, particularly

in an environment where academics in business schools have "…provided the scientific justification for the management practices favoured by a new generation of corporate raiders, such a leveraged buy-outs, mergers and acquisitions… .(Foucade et al, 2014: 17).

'The Risk University'

The university has been a producer of ideas and expertise around risk and regulation, as we have outlined above, as well as subject to policies aimed at extending risk governance tools into the universities as a mechanism of regulation. In 2000, England's Higher Education Funding Council (HEFCE) required all universities to introduce risk management as a governance tool (Hood et al., 2001; Rothstein et al., 2006; Huber, 2011) as a means for 'improving decisions'. Its approach drew explicitly from the world of finance, when it stated: "…there are genuine business benefits to be gained…quite apart from improvements in accountability and shareholder confidence" (HEFCE, 2000: 1). But who was the shareholder here, unless of course they meant the public as stakeholder?

In 2002 HEFCE launched a risk tree, where eight main areas of risk were identified and a set of sub-risks attributed to each area (Huber, 2010: 128). Gradations of risk to be assessed and assigned a risk value were also proposed – from 'early warnings' to 'mitigating actions' with 'damage values' assigned.

HEFCE has also published a 'risk prompt list' containing examples of potentially significant risk elements – from reputational risks to financial risks – many of which have been taken up as a template in many UK universities. Cambridge University, for example, visibly promotes its risk structures and policies on its website; this includes membership of its Risk Steering Committee, the content of its Risk Management Policy, and the detail of its Risk Management Strategy. Many UK universities also now spend considerable amounts of time on filling out risk-assessment columns, on gathering risk data, and on making decisions that carry a risk if the numbers decided (for example recruitment) upon under or over-short. Risk is an attempt to pin down, and know, the future, and to plan accordingly, when in effect this future is neither knowable and nor is it certain.

Risk calculations are also now found is a widening range of activity within the HE sector: they include, for instance, ensuring particular levels of international student success in university courses, or be struck off the register of 'trusted' providers kept by UK immigration officials to approve the movement of international students into university places. Similarly, the number of grant applications submitted to funding councils which fall below the fundable category can result in the university being excluded from bidding for research funds into the future. The performance of the university regarding its prior screening and research 'management' process, and results in terms of final scores, is then read as either meeting or falling short of performance targets – which in effect displaces the consequences of decision-making back into, and on, the institution.

Since 2010, and the implementation of austerity policies in the higher education sector in the UK, regulators have tended to formalize this approach in a whole set of spheres to do with university life. A key argument used by the UK Government (2010) for introducing risk-based regulation as a means of

mechanism of external quality assurance of universities and colleges in England is that a more selective focus or prioritization by the regulator on those institutions that create most risk to the regulator's objectives would lift the regulatory burden on most other providers, enabling them (read high status universities) to be more enterprising, innovative and globally competitive. Regulation, it was assumed, would also be 'better' because agency decision-making would be more open to scrutiny as well as being more focused and evidence-based.

Yet the UK higher education system is highly differentiated, and increasingly so, following the introduction of market mechanisms into the sector. This means that universities are differently placed regarding their student intakes, levels of retention of students, capacity to perform on league tables, recruitment of international students, and so on. There are a number of axes of differentiation – some of which matter more in terms of the increasing uncertainty as universities find themselves in the intersections of flows of international students, the outcomes of investment decisions, and so on. To begin, the social class composition of the student population in any university will shape levels of retention and the nature of their student's future employment opportunities (Reay, 2011). As Reay (2011: 117) argues;

…massification of the higher education sector has resulted in the reproduction of the UK's school system's highly polarized and segregated hierarchy, with those new universities with sizeable cohorts of working class students languishing at the bottom of the university league tables, while the Russell [sic. elite] group universities, with equally sizeable privately educated students, are at the pinnacle(2011: 117).

Almost all universities in the UK have a high level of dependence on international students. Of the full time graduate students enrolled at the University of Bristol, a Russell Group university, almost 50% of the total are full-fee-paying international students (HESA, 2015). Any change in the wider political economy, in immigration laws, or in tightened international security, or greater competition from other HE providers, will all have an impact on the final numbers of international students who will be enrolled. With universities depending more and more on this market, fluctuations will create major financial and programming issues for the provider. We'll return to these wider issues in the following section.

There is now a growing body of work on risk and the university (c.f. Huber, 2009, 2010; Power et al., 2009), including the idea of *The Risk University* (Huber, 2011). Calling the university "a special organisation", Huber (2011: 2) sketches out what we regard as an uncritical, rather functional, account as to why universities have found themselves subject to the new managerialism and risk; for Huber this includes more efficient use of taxpayers' money, greater accountability to stakeholders, and the demand for greater value for money. Little is said in this literature around the deepening role of the university in creating competitive services sectors, and what this might mean for the university and its governance.

For in truth, universities in many countries have being placed under closer political scrutiny and tightening regulatory pressures, to align their missions and purposes to deliver on global competitiveness agendas for the nation (Marginson and Considine, 2000; Barnett, 2005). Universities were also being reigned in; from being self-governing institutions to being more closely regulated through research assessment frameworks, quality assurance systems, teaching excellence frameworks and rankings exercises. Risk tools were one more, albeit demanding, regulatory device that set in train a further burden of

'accounting' for more and more aspects of organisational life through trying to anticipate the future; from decision-making to financial losses, overseas operations or the research assessment exercises.

These growing external constraints on institutions - aimed at improving accountability - have the potential to also make universities highly risk averse. This is a paradox in that they are also charged with *being more reluctant* to undertake the entrepreneurialism and innovation that governments wish them to adopt. To counteract this negative consequence, managed risk-taking, rather than mere risk avoidance, has become the Governmental policy objective in England - and this is captured in the notion of risk-based external quality assurance. The key issue for university leaders and external quality assurers is *which* risks can be tolerated. King (2016) argues, risk-based frameworks require the quality assurance agency to begin by identifying the risks that they are seeking to manage. This requires evidence. However, this neglects the fact that evidence-based judgments of risk (intended to result in a more selective approach) require large amounts of data to be obtained from the sector if robust risk decisions are to be made. 'Risk' is an event that you can calculate, or put odds on, that it will occur, or 'crystallize' to use the language of insurers, and with what likely impact. But risk calculation is clearly also 'risky business', as risk is a future unknown, not an evidenced present or past. Being able to relocate blame – to the 'autonomous institution' or 'choosing agent' thus becomes important – though any major collapse (such as with the financial regulators in 2008) will in turn have wider social and political ramifications.

However it is reputational risk that is regarded in the risk literature on universities as particular to universities, and is the other side of financial risks. The idea of 'reputational' risk (Power et al., 2009), particularly in relation to ranking systems and their management, has therefore come to be an important tool through which universities and those inside them become objects for governing.

The idea of reputation in science acts as a signalling system in that it simplified the monitoring of the scientific debate for all scholars by pre-selecting promising contributions on the basis of previous accomplishments. …This reduction of complexity only works if reputation is attributed by the *invisible hand* (Huber, 2011: 14).

Yet at we have already pointed out, this invisible hand is nonetheless a hand largely guided by economic wealth and political power; and is a 'class hand'. Reputation and status have historically been features of universities, and are central to the production of political elites. What is increasingly important here is the ways in which 'reputation' is being valorised in new ways (as a risk to reputation), from which new value and value chains are being created.

That the 'Russell Group' universities, with their class-based capital in the UK, do significantly better than any other kind of institution in securing students, funds, publications in highly reputable outlets, and wealthy benefactors and alumni, in turn produces, and reproduces the capitals that benefit social class reproduction. Universities also calculate the risks of their decisions, such as the recent Research Excellence Framework, and whether reputation or financial returns need to be secured, and how. Losses in height in relation to global rankings can send the calculators into a steady head spin. These all matter for they are also the 'material' on which ratings agencies, like Standards and Poors, build their calculations around the financial stability of a university and therefore what interest rates might be charged.

This temporal shift – bringing the future into the present – promises in turn to manage the future whilst sheeting home any shortfall in this capability to the individuals making the decisions in the first place. The 'cunning' here of course, if we can paraphrase Fraser (2012) is that by promising to know the future and bring it into the present, risk imaginaries and technologies create a level of certainty, on the one hand, and dependency on the other, that is seductive to managers and a license to print money and generate credibility for the burgeoning risk industry on the other. There is now a huge 'risk management' industry that both services and is serviced by the university; experts in risk management sell risk management frameworks to university administrations; risk research centres (including the influential Centre for Analysis of Risk and Regulation established in 1999 located at the London School of Economics, funded by the Economic and Social Research Council) focus attention on risk by pumping out papers and making academic careers; a proliferating number of dedicated risk research journals make it clear risk is an important social topic; whilst risk-oriented research in management, accountancy, and organisation studies journals locates and legitimates risk research as an important governing and management tool.

The 'Risk' of Ignoring the Relationship between Class, the University, and Global Capitalism

Imaginaries like 'risk society' and its flanking technologies, 'risk governance' and 'risk university', all emerged at a time when (i) neoliberalism was being advanced as a political project with risk a key tool for self- governing (Rose, 1999), (ii) the state was disinvesting in social programmes whilst mandating risk as a self-governance tool (Streeck, 2014), (iii) finance capital was able to benefit from the creation of porous boundaries around the nation-state and tax havens whilst trading in risk (Davies, 2015); (iv) a tiny super-wealthy elite who have emerged who have benefitted hugely from ideas that entrepreneurs deserve wealth because of the risks they take (Piketty, 2014); and (v) when neo-classical economists have dominated important policymaking domains at all scales of governing where risk is viewed is able to be managed by rational actors and market relations (Beckert, 2013; Fourcade et al., 2014).

Risk is only one of a range of technologies that neoliberal states have 'bought' from economists and the world of finance, and imposed on their public sectors as well as their societies. Represented as a project concerned with competition to ensure more efficient public sectors, together with freedom through choice in the market, risk is simply one more tool for individualizing decisions and responsibility, as if power and politics did not matter – whilst waging a class war (Harvey, 2005). And that war is a war that has seen disinvestment in public sector institutions, like universities, whilst giving tax breaks and lowering tax rates to the wealthy (Streeck, 2014). More to the point, this matters more for those universities who do not have alternative sources of wealth, such as endowments, investments, the capacity to raise money through bonds, or through third mission activities (McGettigan, 2013). And if we are left in any doubt that this is a class war, it is instructive to take Warren Buffett – the 4th richest person in the world at his word. In an interview with the New York Times (with estimated wealth of around 44 billion) stated: "There's class warfare alright, but it is my class, the rich class, that's making war. And we're winning". And it is this wealthy class (e.g. Gates, Meritosis), especially in the United States, who have also weighed in on what policies ought to be in place to run sectors like higher education (Scott, 2009).

Yet the cunning of 'risk talk' is that promises to wipe away social inequalities (with the adage that we are all in it together), or that the future can be controlled.

It is clear 'risk imaginaries' privilege some groups over others. Some benefit directly because it is the source of new forms of value creation. By diagnosing the problem to which you have the answer, and by constantly changing the range of products one has to hand to respond to this or that new risk, this is capitalism at its inventive best. Others benefit because academics careers can be made, and made profitably. Still others benefit as it normalizes a view that risk is an individual responsibility and any opportunities and profits that might flow are fairly and squarely the result of anticipating well, and that the wealth they acquire is deserved. Because it feeds off a view that risks are shared, and that those taking the most risks have the right to the super-salaries that have in turn produced a small elite of very, very, wealthy, it reinforces the kinds of worldviews that have also come to shape state policies. The political elites create the conditions for the new economic elites, and vice versa.

Thomas Piketty's (2014) book *Capital in the Twenty-First Century* demolishes the widely-held view that free market capitalism, in releasing the entrepreneurial spirit and invoking risk, spreads wealth around as well as shares the risks. Piketty documents in detail how social inequality of both wealth and income has evolved over past century, with particular emphasis on the role of wealth. More importantly for our argument, he points to the ways in which the dangerous combination, the free market and finance capitalism that we saw emerge over the period Beck (1996) refers to as the 'risk society', in the absence of major redistributive interventions on the part of neoliberal states, *produces* anti-democratic oligarchies.

Here 'risk' works not just as a regulatory and disciplining' tool for neoliberalism but its constant focus on individuals and individual institutions (e.g. improvement through competitive comparison on global and national league tables), also acts as a new development ideology – much as modernisation theory did in the post-World War 11 period (Ferguson, 2006). But the ontology that drives neoliberalism's theory of development – of liberty and freedom through (free) market relations - overstates the security one might gain from gaming the future (alone) and underplays the insecurity and anxiety that inevitably follows from perpetual competition and the possibly of loss (of reputation, wealth, job security) (Sennett, 2006). What is also excluded from view are the ways in which the game rules for capitalism are controlled, and how these drive deeper social inequalities and social justice outcomes arising from economisation, privatisation and commodification of higher education in many countries. The outcomes are evident: the stalling of social mobility (particularly noticeable in the US), the rise in graduate unemployment in both the west and the east, along with a growing democratic deficit in the governing of education as the economic and power elites use their think tanks, foundations, and memberships of boards, to advance their own agendas.

Crouch (2015: 13) points out that the relationship to risk and uncertainty is a "classic class relationship because it is very closely related to the relationship to property ownership. Far from class in this sense declining in post-industrial societies, it has become increasingly important". And as he argues, this results from the central role of the financial sector, the area of the economy where pure wealth counts more than anywhere else. The fact that, compared with the first half of the twentieth century, far more people own some property does not reduce this. "There are severe limits to the risks one might take with one's own

residential property, and therefore in the interest rates one can expect to earn, compared with liquid assets that one is using just for investments" (Crouch, 2015: 13). Attempts to transcend this by mortgaging a property – such as to generate a living wage, finance a holiday or a student at university – and the resultant debt then being traded as a liquid asset, was one of the causes of the 2008 financial crisis.

Similarly Streeck (2014: 35) argues that more than any time since the Second World War - capitalism is in a critical condition, and that its crisis symptoms are simply one register of a deeper set of disorders. Rather than the uncertainties being derived from the collapse of modernity as the dominant narrative, as we have with Beck, Streeck's focus is on contemporary capitalism and the new vulnerabilities it sets in train for groups of workers whose lives are organised around flexibility and insecurity (Crouch, 2015: 18). Measures to protect workers from insecurities are regarded as market impediments. If public policy has a role it is in facilitating this ideal so as to ensure labour market participation but with levels of flexibility that benefit the owners of capital and managers of corporations (the 1%), and not those having to 'sell' their labour.

The contemporary university has not been exempt from this practice. Shorter term and flexible contracts have become the norm in US universities (20 per are tenured faculty; in the UK it is around 35 per cent) – with pressure also on existing tenured staff to take cuts in salaries as the university tries to manage to steer a difficult road between increased student fees and student protest, or lower academic salaries and the loss of 'star' professors. Risk is used a key tool here to try and navigate a future and its risks with sufficient flexibility and agility.

Streeck outlines three long trends in the trajectories in rich (de)industrialised capitalist countries: (i) a persistent decline in the rate of economic growth, aggravated by the events of 2008; (ii) a rise in overall indebtedness of leading capitalist states as governments, private households and non-financial, as well as financial, firms have piled up financial obligations; and (iii) growing economic inequality in both income and wealth. The net effect of these policies has been to depress wages, drive up debt, and increase social inequalities, and that this has an ongoing cumulative effect. The rich in turn get richer; the state in turn becomes poorer and more indebted, and the middle class and poor become disenfranchised and exploited further. All of these dynamics have direct consequences for higher education as its capacity to be a public institution is dependent on the redistribution of public funds.

Sayer advances a similar argument in his recent book *Why We Can't Afford the Rich* (2014). His account is located in a wider reading of the history of capitalism, and historic tendencies toward financialization in any epoch as the rentiers seek out new ways of extracting wealth through the economic system through rent seeking (Sayer, 2015: 179). Of course finance is necessary to oil the wheels of capitalism. But when its role reverses - from being a servant to a master - then we begin to see the concentration of wealth in a very small percentage of the population. And as Sayer observes, one of the hallmarks of financialization is the spread of the practice of selling everything off that it is believed to be able to produce a predictable income stream in order to get the cash now (Sayer, 2015: 199). The university has been badly damaged as a result of its deeper and deeper insertion into the world of global capital – as engine as well as a sector generating tradeable education services in the global economy.

So what does the deepening enmeshment of higher education institutions in capitalism and its flows mean for how to think about the university and how it understands and manages uncertainty. Here the work of Jens Beckert (1996) is particularly helpful. He refutes the underlying assumptions of the neo-classical economists; that markets are self-organising, that markets generate trickle-down wealth, and "…the action theoretic model of an individualised homo-economicus who strives restlessly for the maximization of utility" (Beckert, 1996: 804) which we have argued is at the heart of most of the risk theories, including Beck's (1999).

As Beckert argues, "…this is not much of a starting point for a *sociological* contribution to the understanding of economic phenomena" (1996: 804) [my emphasis] and most certainly does not help us understand how capitalist markets work. As Beckert points out, we cannot *know* the future, and therefore agents must reach decisions *when they do not know what is best to do*. The task of the sociologist is thus to develop theoretical concepts and engage in empirical investigations as to how this future is made more certain.

Beckert refutes the idea that agents manage uncertainty by increasing their calculative capabilities – as risk technologies propose. Rather, he argues that as intentionally rational actors, we live in, and structure, our social worlds using social devices, such as rules, social norms, conventions, institutions, social structures and power-relations. These in turn limit our choices as actors, but it also makes actions more predictable at the same time (Beckert, 1996: 820). Much of Beckert's work goes on to look at what he describes as the micro-foundations of economic action; that is, *the mental representations of future states* he calls 'fictional expectations' that guide and structure action. As he says: "Recognition of the human capability of imagining future states of the world provides a basis for anchoring a theory of capitalist economy in a theory of action; it is also crucial for understanding the value of goods, and of how cooperation dilemmas are overcome" (Beckert, 2013: 220). In our view, this kind of approach is more helpful for understanding the dynamics shaping universities and their futures in the it moves us toward a social critique that places political economy and class strategies more firmly in the centre.

Conclusions

These developments within capitalism more generally have in turn created a crisis within universities – where paradoxically 'risk' is also mobilised as a tool to manage this crisis. At every turn, finance and risk are ever-present; as a technology for governing in the interests of finance capital. And the contradictions are growing which may – at some point – end in a crisis of the tool for crisis management that the state has deployed: the crisis in risk management as a crisis of the state, and capital accumulation (Streeck, 2014). To begin, in a low wage economy (for a growing proportion of the population) and a low or no taxation environment for the wealthy, there is a shortfall in tax receipts, the state has to increase its expenditures to make up a living wage. And with household debt increasing at the same time that the state is asking families to take on more and more of the cost of higher education, it is clear that this formula is in trouble – not least because of the health and social inequalities it produces but even in its own terms, it is failing to create healthy and fit labour for a vibrant, creative economy.

We have been arguing that 'risk' as a tool for governing the university has strategically and selectively concealed rather than it has revealed around class strategies, interests and outcomes. Those universities that win in the reputation stakes are those universities who produce the political elites and provide important legitimation for the economic elites. This is not a game of risk, but one of class and privilege that is the outcome of wealth, social networks and the strategic use of cultural and economic resources.

It seems to us that a number of things need to happen. First that we show the ways in which the production of knowledge in the academy can act to shore up these the projects of the powerful; in this case finance capital and its legitimators in the academy. Fraser (2019) makes a similar point in her paper on feminism and capitalism and 'the cunning of history'. That is, second wave feminism and post structural theory, to be lauded for the ways in which it revealed binary thinking and focused on culture and identity, at the same time produced its own blindside – the lack of analysis of political economy more generally and capital and class in particular.

Second, we need to make visible the ontological and epistemological basis of risk tools as means of governing the future, and rather see that futures cannot be known. In the struggle to imagine and stabilise those futures to ensure the ongoing reproduction of capitalism and class interests, this in turn strategically selects some possible futures over others (Beckert, 2014). These micro-foundations for political economy – in turn create motifs for engaging in potentially profitable and incalculable outcomes – and shift attention to the management of expectations. The more the world of higher education enters the world of capital accumulation, the more these micro-foundations depend upon, and refashion, the system of expectations within the academy. This profoundly changes purpose of the university as well as its temporal rhythms, and social and spatial relations.

Finally, we need a different conceptual grammar to talk about the transformation of the university in the 21st Century; one that has the potential to recover the revolutionary potential of the academy in creating knowledge – without reverting to a script that romances the pre-1970s academy. This means also putting risk in its place socially, politically and economically. It means resisting the temptation to talk of the calculating university, as if this was an ontological state of being. Instead we need to see risk imaginaries, technologies and tools, as either wittingly or unwittingly being promoted or legitimated by those who benefit from the growth of the risk industry.

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