

Editorial

The Fictitious University

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It has become a much repeated axiom that the university runs like a business. Even the current Prime Minister railed against this development in the history of the university when he was President of the Victoria University of Wellington Students' Association in the early 2000s.¹ But we might ask: what kind of business is the university? For the most part, we tend to think of the university as a business that transforms students into customers, extracts surplus value through overworking and casualising its staff, aggressively pursues private investment and international students, and competes against other universities for income revenues. In other words, we think of university as a conventional capitalist business—an 'edu-factory' as some have called it—operating with capital invested in the means of production, staff, and services, and surpluses garnered from the pockets of students, funding agencies, and asset bases.² The current crisis enveloping tertiary education in Aotearoa New Zealand, however, suggests that we need to reassess our understandings of the university as a business.

1 Save Tertiary Education, 'Open Letter', accessed 14 June, 2023, <https://www.savingtertiary.nz/>.

2 Edu-Factory Collective, *Towards a Global Autonomous University: Cognitive Labor, The Production of Knowledge, and Exodus from the Education Factory* (New York: Autonomedia, 2009).

In Volume III of *Capital*, Marx introduces a third concept alongside what he calls ‘real’ and ‘money’ capital: *fictitious capital*. Where real and money capital are tied to the production process and the sale of commodities, fictitious capital ‘exists simply in the form of a claim to capital’, which may or may not be realised in the future.³ As Cédric Durand puts it in his book on the topic, fictitious capital ‘represents claims over wealth that is yet to be produced’. As many Marxist theorists have pointed out, the idea of fictitious capital was never fully developed by Marx, nor did it achieve much traction in theories about capitalism in the twentieth century, beyond a brief dabble with the term by the neoliberal godfather Friedrich Hayek. But the increasing financialisation of the global economy since the early 1980s—and, to a certain extent, everyday life—means that while there obviously remains business in traditional forms of commodity production (much of which has been outsourced to the Global South), there is big business in ‘wealth that is yet to be produced’.⁴ Even once the crisis tendencies of financialisation were laid to bear during and after the 2007–9 Global Financial Crisis, the political project of globalised financial capitalism has become more deeply embedded in fiscal policy: made visible through austerity; made invisible through structural reforms.

Of course, financialisation itself is a contested and polysemic term, and one that has a longer history than is usually acknowledged.⁵ It can be used as a term to describe anything, from the escalation of financial markets to increases in household debt. But, as Durand argues, there is an ‘underlying structure’ that enables us to understand financialisation as ‘a historical and spatial incarnation of the capitalist mode of production’. For Durand, ‘fictitious capital is the nodal point of this shift’. He continues: ‘If financialisation cannot be thought in isolation from the two other great markers of contemporary capitalism—globalisation and neoliberalism—it is above all distinguished by the accumulation of drawing rights over

3 Karl Marx, *Capital*, vol. 3, trans. David Fernbach (London: Penguin, 1981), 641.

4 Cédric Durand, *Fictitious Capital: How Finance is Appropriating Our Future*, trans. David Broder (London: Verso 2017), 1.

5 See book forum in this issue on Catherine Comyn’s *The Financial Colonisation of Aotearoa* (Auckland: ESRA, 2022).

values that are yet to be produced'.⁶ In other words, the right to claim future capital as if it is real has become central to contemporary forms of capital accumulation, which, it should also be noted, has entrenched new forms of class inequality.⁷ The broad claim here is that we have reached a stage of capitalism's development where the values yet to be produced—for example, future asset sales, predictions over future revenue, or potential investment returns—have become as important, if not more important, than the value that is produced through traditional forms of commodity production. Capitalism increasingly survives, in other words, by living off fictitious values from the future while destroying social and ecological conditions in the present in order to produce those fictitious values.

On the surface, it appears that the idea of 'fictitious capital' has little to do with universities, especially in Aotearoa New Zealand. For one, universities are primarily publicly-funded, with around 80 percent of their operating budgets financed by the government. Moreover, their public funds are supplemented by real forms of income, such as student fees and research grants, and they invest their money in real things, like salaries, buildings, and various services. It would also be difficult to argue that the forms of accumulation that universities generate are detached from the commodities and services that they produce, nor is the labour performed in universities fictitious or speculative (no matter what the New Zealand Taxpayers' Union might say about humanities and arts research).

Yet, while the university might not be a business engaged exclusively in financial speculation, the way it functions today exemplifies how financialisation shapes the governing logic of institutions, including those funded primarily from the public purse. Max Haiven makes the point that the 'university's residual guild-like structure has been at times replaced by, at times leveraged into, a financial logic, which tells us something about how financialisation spreads through social institutions not only through directly hegemonic economic impositions, but also *culturally*, which is to

6 Durand, *Fictitious Capital*, 3.

7 Lisa Adkins, Melinda Cooper, and Martijn Konings, *The Asset Economy* (Cambridge: Polity, 2020).

say by a subtle influence over ideas, priorities and patterns'.⁸ Certainly, the decline in real terms of government funding over the last ten years is the primary cause of the current tertiary education crisis in Aotearoa New Zealand. The recent injection of funding into tertiary institutions across Aotearoa New Zealand is welcome, but it does little to mitigate the systemic underfunding of tertiary education by successive governments. But this crisis has also revealed the extent to which a *culture* of financialisation has infected university management. As has become clear over the course of recent months, senior leadership at universities have drawn on forms of fictitious capital to set budgets and expenditure, inventing values from the future to justify spending in the present. Universities increasingly rely on values *yet to be produced*—such as future student intakes or the retention of students and asset value increases—more than values they actually produce. In this sense, universities are engaged in speculative behaviour, basing their current expenditure on fictitious forms of future income.

This is a risky business, as it turns out, especially for institutions that have been receiving less and less money from the government. At the University of Otago, for example, modelling suggested a 5 percent increase in student numbers for 2023, in turn creating a fictitious income, some of which was spent as if it was real in 2022 on new buildings, marketing, and employing countless consultants on a range of projects. When a 0.9 percent drop in student numbers occurred in 2023, this fictitious capital evaporated, leaving an institution already in a troubled financial state in a perilous one. A 0.9 percent drop in student numbers is minimal in real terms, but in fictitious terms, it's a 5.9 percent decline. What this tells us is that fictitious capital can be spent as if it is real, but the problem with fictitious capital is that it will more than likely live up to its name: it is a *fiction*. Durand puts it more poetically: 'fictitious capital's anticipation of future accumulation implies a radical form of fetishism liable to mutate into unsustainable phantasmagoria'.⁹ University senior leaderships in Aotearoa

8 Max Haiven, 'Culture and Financialisation: Four Approaches', in *The Routledge International Handbook of Financialisation*, eds. Philip Mader, Daniel Mertens, Natascha van der Zwan (London: Routledge, 2020), 351.

9 Durand, *Fictitious Capital*, 55.

New Zealand have been living in this ‘unsustainable phantasmagoria’ for the last decade, spending this fictitious capital and speculating on the possible income it might generate. And then it didn’t.

Alongside pushing for further government funding, we must examine the ways in which universities in Aotearoa New Zealand have enthusiastically embraced financial rationality, especially in the last decade, and how they have been encouraged to do so by successive governments. A decade ago, Steven Joyce wanted to make university councils ‘leaner and more entrepreneurial’. By 2015, councils were reduced from around 20 members to eight to twelve members, with the Minister of Education in charge of the appointment of three or four of a council’s members. The old model required staff, student, and union representation on councils, but the 2015 changes removed representative requirements, and thus staff and students no longer have a statutory right to a seat on the council.¹⁰ These changes undoubtedly made universities less democratically accountable and, in effect, functioned as a form of deregulation, enabling university decision-makers to bypass, or even fail to consult, staff and students of their own institution. Workers in universities today have very little say over the ways in which universities spend their money. If they did, would they choose to spend \$40 million on consultants, or pay \$1 million to Steven Joyce for his advice¹¹ These changes shield university management from democratic demands—a key feature of the neoliberal project, as Quinn

10 Tertiary Education Commission, ‘2015: Changes to University and Wānanga Governance’, accessed 29 June, 2023, <https://www.tec.govt.nz/assets/Publications-and-others/d1d9443e0d/2015-Changes-to-university-and-wananga-governance-guidance-notes.pdf>

11 Fiona Ellis, ‘Review of Uni’s Financial Management Called For’, *Otago Daily Times*, 12 June, 2023, <https://www.odt.co.nz/news/dunedin/review-uni%E2%80%99s-recent-financial-management-called>; Guyon Espiner, ‘Cash-Strapped Waikato University has Paid Former Cabinet Minister Steven Joyce nearly \$1 Million’, *RNZ*, 13 June, 2023, <https://www.rnz.co.nz/news/in-depth/491859/cash-strapped-waikato-university-has-paid-former-cabinet-minister-steven-joyce-nearly-1-million>

Slobodian has shown us ¹²—and they have encouraged universities to engage in speculative practices, to take risks, like any good entrepreneur. The irony that Steven Joyce is now calling on the government to increase tertiary funding should not be lost on anyone.¹³

Financial rationality does not end at the level of university governance. Students come face-to-face with financialisation on a daily basis, as they watch the numbers on their student loans creep ever higher. As Haiven argues:

Once upon a time we imagined that the university existed to produce research in the public interest and to educate a new generation of citizens to take their place in society. We now understand the university to be something quite different: a place where young people go tens of thousands of dollars into debt to purchase a credential that they can then use to try to sell their labour power in the context of an extremely hostile labour market.¹⁴

This investment on the part of students is predicated on a claim to a yet-to-be-produced value, in the form of a future career that will enable them to pay off their student loan. They too are encouraged to partake in the fictionalisation of their futures.

The financial demands on students also make it much harder to dedicate time to study, to the point that the experience of being a student becomes itself increasingly fictitious. If, as the philosopher Jason Read argues, student experience is supposed to be ‘halfway between communism

12 Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, MA: Harvard University Press, 2018) and *Crack-Up Capitalism: Market Radicals and the Dream of a World without Democracy* (New York: Metropolitan Books, 2023).

13 Steven Joyce, ‘Government Selling our Future Short by Starving Universities’, *New Zealand Herald*, 3 June, 2023, <https://www.nzherald.co.nz/business/steven-joyce-govt-selling-our-future-short-by-starving-universities/ENKQCD7WVFAJTH2SFIYZDW-SOXA/>.

14 Max Haiven, ‘Capitalism as Revenge: Revenge as Capitalism’, interview by C. S. Soong, *Socialism and Democracy*, 34, nos. 2–3, 153.

(collective living, eating, sleeping) and anarchism (the necessity of creating a social order *ex nihilo*, even if it is only the social order of two, between roommates)', then we might say that current university life situates students in the crosshairs of two pillars of financialisation: investment and debt.¹⁵ Both the debt and the future job are fictitious, and yet they play a very real role in what it means to be a student today.

But the current crisis and its associated cuts raise another, and perhaps more important, observation, that has been staring us in the face over the last decade: the very idea of the university itself has become increasingly fictitious. Some might argue that the university has always been a fiction in some shape or form, and its public role historically has always been in tension with its elitism. Some could even argue that the student loan scheme has widened participation, allowing for forms of class mobility that older versions of the university had worked hard to deny. What we can say for certain is that the idea of the university as a public good—with the university deemed 'critic and conscience of society', as the Education Act tells—retains economic, social, and cultural significance as an institution of research and learning, but the material reality of working and studying in the university tells a very different story. The idealised version of the university as a place of scholarship, debate, and education—whatever that might look like—is increasingly becoming a fiction in Aotearoa New Zealand. The real story is that the university has become another nodal point for various forms of capital, both real and fictitious, to enter and exit, generating value for construction companies, a range of consultants, and financial services, but leaving staff, students, and the wider public much worse off.

To put it bluntly, the fictitious university is a *claim* to a university rather than a university itself, echoing the ways in which fictitious capital is merely a claim to future capital. Making this distinction is important to how we go about both understanding the current crisis of tertiary education and how we go about countering it. The fictitious university will always require

15 Jason Read, 'Neoliberalism Against the Commons', in Edu-Factory Collective, *Towards a Global Autonomous University*, 151–53.

cuts at some point or other, because there is only so long that the fiction can hold. At some point, universities realise that the fictitious capital they have been using to justify real spending does not actually exist—real capital will always exert its power in the end. And, more importantly, students eventually come to realise that the investment they are supposedly making in their future is fictitious, especially as they enter into a world of casualised labour, soaring house prices, and ecological collapse.

What we are fighting today, therefore, is not only the effects of chronic underfunding of tertiary education and poor management on the part of university hierarchies, but also the increasing descent of the university into the realm of fiction. Stopping the cuts should be our first aim, especially in the light of the upcoming review into the tertiary sector. But the larger struggle to *reclaim* the university from the tentacles of fictitious capital has only just begun.

The cuts at universities in Aotearoa New Zealand are a crisis within a mountain of growing social, economic, political, and ecological crises in Aotearoa New Zealand. We are at an important juncture. A turn to the increasingly radical and authoritarian Right is the predominant global trend, but we should take heed of Stuart Hall's reminder in the context of Thatcherism that 'the swing to the Right is not a reflection of the crisis: it is itself a *response* to the crisis'.¹⁶ What is the Left's response, especially here in Aotearoa New Zealand?

Our goal at *Counterfutures* remains the same as always: to aid the Left's response by developing the theoretical and organisational foundations to understand this myriad of crises. The current issue of the journal is no exception: it includes articles and interventions on problems facing the Left today in Aotearoa New Zealand, from a reflection on decades of adoptee activism, the political theology of COVID-19, and the history of socialist responses to fascism, to a book forum on financial colonisation, a look

16 Stuart Hall, 'The Great Moving Right Show', *Marxism Today* (January 1979), 15.

at a significant figure in the trade union movement, and a considered analysis of the rise of the far-right. We also continue our commitment to internationalism by finding lessons in struggles over constitutional reform in Chile.

But while the goal and means remain the same, there are a few structural changes to *Counterfutures* itself. For one, it has a new operational home, moving from Te Whanganui-a-Tara Wellington to Ōtepoti Dunedin. It also has new editorial team, myself and Simon Barber. The previous editor, Jack Foster, has done a remarkable job with the journal, in terms of developing its content, focus, and style, making it a space for a diverse range of voices within and beyond the academy, and in cementing its place as a crucial feature of the Left's intellectual landscape in Aotearoa New Zealand. We are fortunate to follow in his footsteps. We hope to build on the mahi of Jack—and indeed Dylan Taylor, the founding editor—to develop the Left's intellectual framework in Aotearoa New Zealand. In the current national and global context, it is imperative to maintain an intellectual space to critique contemporary economic, social, and political transformations, to imagine alternatives to the status quo, to prevent the drift of the Left towards the centre, and to counter the surging Right. *Counterfutures* is a vital tool in this struggle.