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Peters, M. A., Paraskeva, J. M. & Besley, T. (2015). *The global financial crisis and educational restructuring*. New York: Peter Lang.

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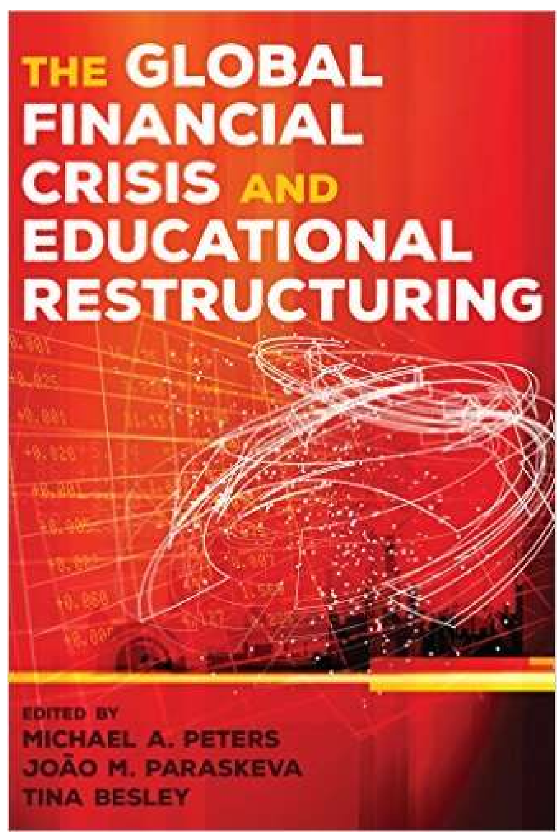
The authors of *The Global Financial Crisis and Educational Restructuring* put together a comprehensive text for the use of higher education administrators and policy makers. In this excellent and well-organized resource, the authors' expertise in higher education finance and policy is showcased. Editors Michael A. Peters, João M. Paraskeva, and Tina Besley bring together an eclectic collection of essays and provide an extensive explanation of the impact of market-oriented neoliberal promotion of privatization on the field of education,, resulting in one of the most engaging books to recently explore the intricate relationship between market-oriented neoliberalism and education. The compilation can be split into two distinct sections: the first part presents a critique of capitalism and its influence on values and educational policies, and the second half provides an analysis of the financial crisis and its effect on education.



Serkan, C. G. (2016, June 1). Review of *The global financial crisis and educational restructuring* by M. A. Peters, J. M. Paraskeva, & T. Besley. *Education Review*, *23*. http://dx.doi.org/10.14507/er.v23.1987

The first chapter of the book is devoted to philosophical foundations of economic theories, and it serves as an excellent resource for college students of economics and higher education, as the authors provide important explanations for economic theories that are relevant for understanding the present literature about higher education and finance. The chapter opens with a critique of the manifestation of capitalism into market-oriented neoliberal economics; capitalism not only leads to the concentration of capital, employment, and power among a small minority, but it also leads to the complete destruction of economic freedom. The authors criticize the common notion that economic freedom means not only the right of individuals to act freely in the market, but for markets themselves to be free of government regulation. With the financial crisis, it became clear that the question of economic freedom could not be located primarily in the political sphere when the global financial institutions were able to exert tremendous pressure on judgments and decisions of a country.

The main thesis for the first part of the book is the assertion that the market-oriented neoliberal economy leads to a significant loss of political, democratic, and economic power for the vast majority of the population because capitalism creates very large concentrations of money and property in the hands of a relatively small, elite minority (Marx, 1907/1867). In a free-market economy, large corporations possess substantial power and influence over government policies, and those corporations fail to act in the interest of the people. Therefore, as John Bellamy Foster and John Kenneth Galbraith stated, the existence of large corporations, which the market encourages to pursue profit without concern for social welfare, seems to circumvent the principles of democracy, which assumes equal power relations between all individuals in a society (Foster, 2005; Galbraith, 1958). Furthermore, the financialization-differentiated practices through which companies, institutions, and individuals alike become completely embedded in financial transactions has caused a shift in the balance between "production and circulation that drives from changes in the forces and relations of production as well as in the institutional and legal context of accumulation" (p. 60). The outcome of unregulated financialization is unprecedented dependence on unstable investments and volatile money affecting everything from wages to education.

The second part of the book begins with the authors' attempt to trace the root cause of the financial crisis and its contribution to labor market imbalances and uneven income distribution and inequality. The authors clearly demonstrate the social and economic complexity of financialization—an economic system that attempts to reduce all value that is exchanged including tangible, intangible, future or present promises into either a financial instrument or a derivative of a financial instrument—and how it has emerged gradually in the last three decades (e.g., the increased number of mergers and acquisitions in publishing and educational-based businesses because of the economies of scale). Through different financialization processes, companies, institutions, and individuals alike become completely embedded in financial transactions since institutions and corporations acquired financial assets as well as issued and traded financial liabilities. The empirical evidence provided in these chapters shows financialization has taken place on a large scale in most countries.

This strengthening of finance, increase in the share of economic activity, and growth in employment, did not come without a price. These chapters also demonstrate that financialization has changed the relations among industrial/commercial banks, capital, and workers. Deregulation in the finance industry especially made industrial corporate enterprises less dependent on banks for loans, while engaging in independent financial transactions in the derivatives market. These developments forced workers into the arms of the financial system through legislative changes over pensions, which led to financial expropriation by extracting financial profit from wages and salaries. As the financial sector has dramatically grown relative to the rest of the economy, financial assets have become a large part of the assets of non-financial corporations, education, health, and pensions.

The impact of the financial crisis on higher education has been considerable, and the crisis led to reduced funding for education from all sources. While both developed and developing countries are affected, they are not always affected in the same way. A key modifying factor is the shape and structure of the higher education system within each country, which can produce different outcomes in different countries. In developing countries, the financial crisis caused a growth in student enrollment, especially for secure professions like teaching and nursing, along with a growth in students' loans, thus greater financialization of education. In developed countries, the financial crisis led to hiring freezes, layoffs of permanent staff members and tenured/tenure-track faculty, increased tuition and class sizes, and growth in student loan debt. The authors claim the financial crisis started to play a prominent role in higher education because higher education institutions cannot be insulated from the economic system, and the financial motives of higher education institutions impact all of public education. As higher education institutions faced the challenge of securing adequate finances, the institutions were compelled to initiate policies increasing academic efficiency—to use minimal resources to achieve intended results. The authors also discuss the limits of connecting performance mechanisms to educational outcomes, noting confounding factors such as institutions' missions. Although the authors do an excellent job of examining the effects of the financial crisis on higher education overall, they do not provide enough evidence to show how the crisis affected public and private universities differently due to public universities being financed to some degree by state money.

The book successfully displays how the responses of higher education institutions are closely aligned with public policies on funding for higher education. After examining how state policy makers implemented strategic planning by evidently linking higher education system and campus-level resource allocations to a strategy of selective excellence, institutions started eliminating programs that did not support their mission and shifting research activities into applied research programs that directly supported government and business. The higher education institutions are asked to provide more support for business through their workforce development and technology transfer programs. The authors also demonstrate how education can no longer be treated as though it possesses some semi-independence from the economy. The global financial crisis has impacted education in systematic ways that imperil the nature of public education and its ability to help counter the effects of the crisis through the provision of programs necessary for innovation and employment opportunities. The authors claim the capacity of the public education system to contribute to the economic and social well-being of citizens has been severely compromised after the financial crisis. They conclude their analysis by pointing out how economic policies, especially the deregulation of the finance industry, has led to "a contraction of social expenditure and an end to wage increases, which has diminished the buying power of workers and made them more prone to credit boom and debt accumulation" (p. 174). During the 2008 financial crisis, the prolonged high unemployment rates made workers postpone wage increase requests or accept lower wages. Although educational expenditure and policies have always depended on the status of the economy, the recent financial crisis has made it more "unavoidably connected to the changes and developments in free-market societies" (p. 227).

The authors emphasize how higher education institutions are especially connected to market-oriented neoliberalism, and their assertion is validated by the drastic impact of the financial crisis on the value of existing endowments, which are important components of university funding. The endowment money is invested through financial instruments and derivatives, thus the investment value and return depend on the status of the economy. The authors do not, however, address the potential negative effect of private endowments that might influence an institution's mission and decisions. They also claim that many of the stresses and contradictions of capitalism, through financialization, have been displaced onto public colleges and universities, which are legally, politically, and financially attached to the government. Public colleges and universities are asked to provide evidence of academic efficiency and profitability to demonstrate that allocated resources were used efficiently to obtain maximum results. Consequently, the problems associated with the financial crisis have served as a catalyst for institutional reforms, especially efforts to increase academic efficiency by employing more part-time faculty and increasing class sizes. During the financial crisis, government appropriations to colleges and universities per student have declined substantially, while dependence on tuition and fees as a primary source of revenue has grown. According to the authors, after the financial crisis, all these developments have led to a rationality crisis in higher education that manifests itself politically "in the struggle between faculty and students, on the one hand, and politicians and higher education administration on the other" (p.278). The main contentious points between higher education administration and faculty involve the administration's imposition of decisions regarding research programs, curriculum, and educational goals, which are all areas over which faculty have traditionally claimed responsibility and expertise.

In conclusion, *The Global Financial Crisis and Educational Restructuring* is a well-written book that fills a need to connect higher education finance with policy implementation. The text makes several important contributions to current educational finance and policy scholarship. First, it explicates the implications of financialization on the higher education system. The authors clearly demonstrate how education, an economic good, entails investment costs both for the state and for individuals engaged in providing or obtaining education. Additionally, they provide easily accessible resources throughout the text that can guide the readers to understand the implications of the financial crisis on higher education policy implementation. Lastly, the book demonstrates the shortcomings and potential ramifications of recent higher education reform initiatives in response to the recent financial crisis. I highly recommend *The Global Financial Crisis and Educational Restructuring* to anyone interested in understanding how changes in the economic sphere affect higher education policy decisions.

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About the Reviewer

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