

Dear PPW participants,

This is my contribution to the workshop's discussion. It's an adapted version of Chapter 3 of my dissertation, "Struggling to Learn, Learning to Struggle: Structure and Strategy in the 2010-2011 UPR Student Strike," in which I attempt to provide context for the by examining the shift from a liberal-populist "public goods" regime to neoliberal "academic capitalism" at the UPR in terms of a neoliberal "movement from above" at different scales (institutional, local/colonial, federal/metropolitan, and transnational). Unlike my Chapter 4, where I address the strike itself in terms of the interactions among movement participants, this chapter is based not on ethnographic fieldwork or interviews, but mainly archival and documentary research. It certainly could be enriched immensely by applying the former methods to the study of many of the actors who are part of the neoliberal movement at the local level (administrators, politicians, entrepreneurs, and professionals), a gap that I hope to address in future research. It's still a rough draft, where as you can see I have yet to fix a number of citations, and have omitted the bibliography (if anyone has questions about specific sources, please ask and I'll gladly provide). I hope you enjoy it, and look forward to your comments, suggestions, observations, and criticism.

José

**“Knowledge that is useful and relevant”:
Puerto Rico’s Neoliberal Movement from Above at the University**

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Puerto Rico urgently needs a new economic model in order to advance its development. That new model must be one based on knowledge. Its central axis must be innovation based on science, technology, and research. Our main resource is our people, and they should be possessors of *knowledge that is useful and relevant*. Our workers must be knowledge workers; generators of ideas that result in *new products, goods, and services made in Puerto Rico and sold in global markets*.
—“Change of Course to Give Pertinence to Higher Education in the 21st Century” (CAGFES 2011: 3; my trans.)¹

In the early morning hours of Wednesday, April 21, 2010, two hundred students approached the main vehicular access gate to the flagship campus of the state-owned University of Puerto Rico (UPR) at Río Piedras, and, after a brief scuffle with security guards, chained it shut. Thus began what would become a two-phase process extending into March of the following year, involving all 11 campuses of the UPR, eventually resulting in the concession, at least temporarily, of every one of the students’ main demands - an unprecedented feat at the UPR, with very few parallels in Puerto Rican history.

The 2010-2011 UPR Student Strike was a direct response to neoliberal austerity policies imposed by local elites at the behest of Moody’s Investors Service, Standard and Poor’s Financial Services (S&P), and Fitch Ratings, the “big three” international Credit Rating Agencies (CRAs), in order to service the U.S. colony’s ballooning debt, which now stands at \$73 billion (about 70% of GDP). Like the coalition that emerged in the 1990s against attempts to privatize the telephone company or the 2008 teachers’ strike, the contemporary UPR student movement is an instance within a broader sequence of waves of popular resistance to neoliberalism, and cannot be understood in isolation from it. While the specific actors and arenas vary, as do the tactical and framing decisions available to each, these movements share common antagonists in neoliberal elites, against whom they often make common cause.

Social movement scholars have recently debated the need to turn focus towards the micro-foundations, dynamics and mechanisms through which movements make strategic decisions (Goodwin and Jasper 2003; MacAdam, et al. 2001; Aminzade, et al. 2001). James Jasper, among others, has argued convincingly for scrapping the “political opportunity structure” altogether in favor of *strategic interactions* between actors (“players”) and their contexts (“arenas”) (Jasper 2011: 16, 18-23), insisting that “for complex strategic

interactions, we may even need to abandon multivariate models that try to specify independent and dependent variables” (*Ibid.*: 17).

Even for Jasper, however, context continues to matter more than his strategic vocabulary seems to imply (see for example 2011: 20, 27), and constructing a framework that pays sufficient attention to the continuous feedbacks between human agency and context-dependent, longer-term structural effects (Boudreau 1996: 177-178) may require conceptualizing complex decisions and decision-making processes in terms of *contradictions* rather than simply “dilemmas” (Krinsky, forthcoming). As Marxist-inspired social movement scholars have argued, periodic shifts in the political-economy of transnational capitalism are best understood in terms of contentious interaction between movements “from below” and “from above” (Cox and Nilsen 2014).

In this article, I attempt to conceptualize the shift from the liberal-populist “public goods” regime that predominated at the UPR for the better part of the twentieth century to what scholars of higher education have labeled “academic capitalism” (Slaughter and Rhoads [2004] 2010; Slaughter and Leslie 1997) in terms of an offensive social movement from above, within both the institution itself and the colonial Puerto Rican state, that is part of a wider neoliberal project to restore capital accumulation at the transnational level, and the class power of local elites linked to transnational capital. In my conclusion, I argue that a clear, theoretically-informed grasp of this contradictory process is crucial to understanding the decisional dilemmas and strategic interactions of the UPR student movement, and outline some of the ways in which the process is shaping these dilemmas.

Neoliberalism and Education in Theory

Education, Ideology, Capitalism

As a result of the character and trajectory of “capitalism” as a concept, empirical literature on the relationship between capitalism and educational institutions derives mainly from the broad Marxian academic tradition, although it also draws a good deal from sociological power structure and network analysis (see for example Grace 1984), as well as post-structural theory (see for example Slaughter and Rhoads [2004] 2010), and postcolonial, feminist, and critical race theories (see for example Lipman 2014).

While Karl Marx and Friedrich Engels wrote little on the subject of schools and education as such, they famously insisted that “[t]he ideas of the ruling class are in every epoch the ruling ideas,” meaning that “[t]he individuals composing the ruling class . . . rule also as thinkers, as producers of ideas, and *regulate the production and distribution of the ideas of their age*,” ([1846] 1932; my emphasis). This ideological dominance of the ruling class is articulated here in two distinct arguments: 1) the class that controls the “means of

material production” also controls the “means of mental production” (e.g. leisure time for intellectual speculation, ownership/control over and access to media and educational institutions); and 2) “[t]he ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas” (*Ibid.*). Less discussed in the context of education theory, but equally relevant in terms of the *political* (class) analysis of specific educational *policies* within a capitalist context, is Marx and Engels’s critique of Lassallean educational reform proposals (in the “Gotha Program”), where they lambast calls for “free” higher education as merely “defraying the cost of education of the upper classes from the general tax receipts”; argue for “technical schools (theoretical and practical)” to complement the general “elementary” education of the working class; and insist on distinguishing support state financing and regulation of public schools (“as is done in the United States”!), from government (or church) “influence” on schools, which revolutionaries should resist ([1875] 1970).

Later strands of Marxist theory on educational institutions and processes have been defined largely by which of the two main arguments from *The German Ideology*, mentioned above, is emphasized. Antonio Gramsci argued a ruling class established its *hegemony* by acquiring not just control over the political and repressive organs of the state, but also “moral and intellectual” leadership over subaltern classes through the institutions of civil society (1971: 181-182), among which the school plays a preeminent role (*Ibid.*: 258). which it is able to do in large part as a result of its control and ownership over what Marx and Engels call “the means of material production” —or, more specifically, “because of its position and function in the world of production” (*Ibid.*: 12).

Louis Althusser, in contrast, formulated a stance much closer to the second proposition of *The German Ideology*, which Marx developed more fully in later works. What is crucial here is not so much who controls the channels through which ideas are disseminated, but that ideologies have “material existence” insofar as it is only ever in and through them that humans act out the lived, material relationships of their existence— ideology “interpellates” individuals as subjects (Althusser [1995] 2014: loc. 4335-5152). In this view, schools are less a distribution channel for dominant *ideas*, but sites for the reproduction of dominant *relations*. Althusser referred to such sites as ideological state apparatuses (ISAs), with schools replacing the feudal church in this respect as the dominant ISAs of the modern capitalist state ([1995] 2014: loc. 3752). In synthesis, through not just the teaching of “ideas” but also *practice* (rituals, rules with rewards and punishments, spatial and temporal structures, and hierarchies of obedience) capitalist schools mold a captive audience of schoolchildren from all classes (not without exceptions, variations, and failures) into “good” subjects corresponding to the different positions within the hierarchies of the capitalist work force and class structure (*Ibid.*: locs. 1721, 3809).

The distance between the two strands of Marxian education theory has since narrowed. Gramsci's theory of hegemony was especially influential on the works of British Marxist scholars of culture and class formation (Thompson 1963; Williams 1962), and later the Cultural Studies school (Hall 1980; Willis 1981), who were always attentive to the centrality of practice to these processes. In the United States, where there has always been greater resistance to the notion that an economic ruling class controls the state (much less public education, historically hailed as a great "equalizer"), scholars examining the rapid stratification of the educational system after the 1970s found a useful framework in Althusser's contention that schools reproduce dominant productive relations (Apple [1979] 2004; Bowles and Gintis [1976] 2011; Anyon 1980).

Samuel Bowles and Herbert Gintis, for example, argued in terms very similar to Althusser that the school system in the U.S. helped integrate young people into capitalist production through what they called the "correspondence principle":

The structure of social relations in education not only inures the student to the discipline of the work place, but develops the type of demeanor, modes of self-presentation, self-image, and social-class identifications which are crucial ingredients of job adequacy. Specifically, the social relationships of education - the relationships between administrators and teachers, teachers and students, students and students, and students and their work - replicates the hierarchical division of labor ([1976] 2011: 131).

Correspondence here refers to the parallel between hierarchies of authority at school and workplace, not between educational attainment and eventual social class. Citing empirical studies, the authors insist that the open character of the U.S. school system does not reflect its role in screening cognitive skills, but rather in reproducing a "technocratic-meritocratic" ideology meant to legitimate inequalities by placing responsibility for "success" and "failure" uniquely on the individual (*Ibid.*: 102-124).

Structuralist approaches to the ideological role of educational institutions such as these have often been criticized for being too "deterministic" or "functionalist." In fact, as Bowles and Gintis knew well, the relationship between capitalism and education is dynamic and dialectical, thoroughly immersed in and driven by interacting practices, projects and resistances of all kinds (Knopp 2012: 24-27). It is evident, however, that classical Marxism in general has been better suited to analyzing capitalist production processes than demonstrating specific linkages between the ruling class, or fractions of it, and the political and ideological "superstructure," including educational institutions.

Led by Sheila Slaughter, some scholars have attempted to address this gap in regards to higher education, by examining the rise of academic capitalism in terms of the mechanisms through which networks of university administrators, employees, and students are disciplined into *actively* accepting and promoting its logic. Slaughter and Rhoads elaborated the theory of academic capitalism advanced by Slaughter and Leslie

(1997) by focusing on academic capitalism as a disciplinary regime that is not readymade to serve preordained functions, but continually produced by networks of actors, including corporations, the neoliberal state, and universities - be they public, private non-profit, or (increasingly) for-profit - which link the educational community to the neoliberal economy through these mechanisms ([2004] 2010: locs. 277, 317, 322, 378, 1368).

Corporate executives, who sit on the boards of private universities especially (but not exclusively), as well as other “nonprofit” arenas that shape education policy, are decisive actors in this process (see for example Mathies and Slaughter 2013). The key metaphor of the *network* is borrowed from the tradition of “power structure” sociology, which has long sought to trace “interlocking directorates” at both the corporate and local government/“governance” levels (Mann 1986; Osteen 1984; Domhoff 1967; Hunter 1953; Mills 1956), as well as the post-structuralist theories of Michel Foucault. For Foucault, like Althusser, knowledge itself (and therefore education) is never neutral, because it emerges from and embodies specific power relations (see for example Foucault 1980). Institutional arenas, such as schools and universities, are networks of power/knowledge, continually in the making through disciplinary mechanisms (Foucault [1975] 1990).

The Neoliberal Class Struggle

Critical education scholars have linked the encroachment of private profit on education systems throughout the world during the past four decades to a set transnational processes and practices that have become dominant throughout the late capitalist world, which they increasingly identify as “neoliberal” (see for example Torres; Giroux; Knopp; Russom; Weiner and Compton; Lorimer). Many student movements have likewise increasingly come to identify their opponents with “neoliberalism” (see for example Solomon and Palmieri), making the clarification and specification of this somewhat diffuse concept a necessity.

Most fruitful in this endeavor is the theoretical literature that seeks to ground the well-known postulates of neoclassical economic theory within a concrete set of practices and the *political* actors, institutions, and movements that have implemented them. At the forefront of this effort have been Marxist-inspired geographers and critical political economists (Harvey; Sassen), as well as sociologists and international relations scholars of the global or transnational capitalism school (Cox; Gill; Robinson; Sklair). A good deal of the empirical research has specifically examined the impact of neoliberalism on social structures and movements in Latin America (Eckstein [1990] 2001; Portes and Hoffman 2003; Madrid 2003; Johnston and Almeida 2006; Stahler-Sholk, et al. 2008; Silva 2009). Some scholars have attempted to fuse the insights of these perspectives with those of social movement theory by conceptualizing neoliberalism as an “offensive social movement from above” (Nilsen and Cox 2011: 66, 72-73; see also Sklair 1997).

As many scholars have stressed, neoliberalism is not only “the doctrine of laissez-faire capitalism legitimated by the assumptions of neoclassical economics and modernization theory, by the doctrine of comparative advantage, and by the globalist rhetoric of free trade, growth, efficiency, and prosperity” (Robinson 2004: 77), but first and foremost a “political project to re-establish the conditions for capital accumulation and to restore the power of economic elites” (Harvey 2005: 19).

This project seeks to “disembed” capital from the constraints of state-led planning, welfare systems, and other elements of postwar liberal capitalism (*Ibid.*, 11), reversing the Fordist/Keynesian class compromise of the twentieth century by any means necessary. Commonly associated with the privatization of state enterprises and services; trade, tax, and pension system liberalization, and deregulation of labor and financial markets (see for example Madrid 2003), among other forms of “accumulation by dispossession” (Harvey 2003), whereby public goods are converted into venues for the private extraction of rents and profit, neoliberal practices continuously adapt and evolve in the attempt to indefinitely delay any reckoning with the permanent crises of late capitalism (Krippner 2011; Sklair 2001: 299). Long embraced as gospel by political and economic elites around the globe, it “has become hegemonic as a mode of discourse... to the point where it has become incorporated into the common-sense way many of us interpret, live in, and understand the world” (Harvey 2005: 2-3; see also Nilsen and Cox 70-72).

At the center of this “social movement from above,” numerous authors have identified a fraction of the world bourgeoisie that is increasingly “transnational” in its interests, outlook, and insertion in the global process of production (see for example Robinson 2004; Sklair 2001; Gill 1993; Gill 1990; Cox 1987) - a “transnational capitalist class” (TCC). Although there is some debate as to which groups exactly make up the TCC,ⁱⁱ most authors identify the top executives of transnational corporations and financial institutions as its core constituents, on the basis of “ownership and/or control of transnational capital” (Robinson 2004: 47; see also Sklair 2001: 295; Harvey 2005). According to Robinson,

“What distinguishes the TCC from national or local capitalists is that it is involved in globalized production and manages globalized circuits of accumulation, which gives it, spatially and politically, an objective class existence and identity in the global system above any local territories and polities. Transnational capital controls the ‘commanding heights’ of the global economy” (2004: 47).

The TCC has become hegemonic, both within production, and at the political/ideological level, through the aid of “globalizing” bureaucrats/politicians, technocratic professionals, and commercial/media elites who function as its active ideologues,” (Robinson 2004: 48; Sklair 2001: 22; 295-296; 298).

At the local level, “both North and South,” bureaucrats and professionals “increasingly begin to see their interests best served by a more open adherence to the practices of global capitalism and in more open alliance with the TCC” (Sklair 2001: 298). This consolidation of the neoliberal power bloc within specific social formations is achieved in part through influence, lobbying, and pressure carried out through networks composed of trade and industry associations, university boards, think tanks, foundations, and similar organizations (*Ibid.*: 295, 298). The neoliberal bloc, in turn, uses the coercive and consensual mechanisms at its disposal, both “state” and “market,” to broaden neoliberal hegemony.

Ubiquitous crises since the mid-1990s have led to questioning by not just Marxian scholars, but also neo-Keynesian economists (Stiglitz; Krugman; Piketty; Herndon), of the wisdom and efficiency of neoliberal prescriptions, and presented opportunities for movements from below to challenge its dominance at various levels throughout the world. However, rather than weaken the neoliberal power bloc, these built-in crises have served as opportunities for neoliberal managers to further extend the reach of capital into heretofore public or protected arenas (Hoogvelt 2001; Pilger 2003; Klein 2007). Faced with crisis, neoliberal actors have declared new injections of capital as the remedy, demanding further neoliberal policies such as cutbacks and other austerity measures. Drawing on Gramsci, Althusser, and Foucault, critical scholars argue that despite its evident failures as economic doctrine, neoliberalism persists as hegemonic “common sense,” obscuring the roots of crisis in capital accumulation itself (Nilsen and Cox 2011: 70). This common sense is reproduced and enforced through disciplinary mechanisms operated by transnational “gatekeepers” such as CRAs and their local intermediaries (Sassen 2000), which have evolved to produce a consumer/debtor ideology (Sklair; Lazaratto) that folds together the coercive and consensual elements of hegemony through the individualization of risk and guilt. At the same time, neoliberal “winners” are insulated from accountability, while the militarization of policing and surveillance of excluded populations reinforces this discipline (Wacquant).

There are at least four overarching political/economic processes identified by the literature driving the neoliberal class project today at the global level. Intimately related to the *transnationalization* of capital circuits underlying neoliberal “globalization” is *financialization* - the becoming hegemonic of financial capital through the integration of monetary, banking, and financial systems (*Ibid.*, 23; see also Krippner 2011; Germain 1997). Following the demise of the Bretton Woods international banking system in 1971, the combined effect of the “shock” of 1979, increasing restraints on governments’ ability to ease public debt by coining money, and the elimination of legal barriers protecting productive assets from investment markets, has resulted in the penetration of every moment and aspect of the productive process by financial capital. A third, related process, is *securitization*, the possibility of transforming debt into tradable securities on the

financial market. Securitization has made central and local (“municipal”) government bonds, including higher yielding “high risk” bonds, attractive to investors, and especially financial managers (Lazzarato 2011), turning sovereign debt into one of the main sources of foreign direct investment for peripheral as well as core economies (Biglasier and DeRouen 2007). A final process is the consolidation of a transnational *governance regime* based on oversight by private entities, such as CRAs, and the emulation of U.S. property law (Sassen 2000; Sinclair 2005).

Meet the Neoliberals

The intertwined processes described above are the long-term macro-structural effects of strategic interactions among players within institutional arenas at different geographical scales, which in turn reinforce certain past decisions and shape future ones in a continuous feedback loop. In the following section I explore just who are these actors in general terms, what wider contradictions mark the relationships between them, and what mechanisms shape their decisions and actions.

Transnational and Local Capitalists

Neoliberalism is thus best conceived as a movement “for global capitalism” of the TCC and its allies (Sklair 1997). As a result of the or, at local scales, “globalizing bureaucrats and politicians in local and national governments both North and South increasingly begin to see their interests best served by a more open adherence to the practices of global capitalism and in more open alliance with the TCC” (Sklair 2001: 298). The same is true of local and national capitalists, as corporations and firms of all sizes become thoroughly dependent on transnational processes, finance above all, for success or survival. This consolidation of the neoliberal power bloc within specific social formations is achieved in part through influence, lobbying, and pressure carried out through often preexisting networks composed of trade and industry associations, university boards, think tanks, foundations, and similar organizations (*Ibid.*: 295, 298).

The neoliberal bloc, in turn, uses the coercive and consensual mechanisms at its disposal, both “state” and “market,” to further the broader internalization of the neoliberal consumer/debtor subject. Financial managers, such as institutional investors (mutual, hedge, and pension funds) and securities brokerage firms,ⁱⁱⁱ have become crucial in this process (Harmes 1998), socializing market risk among retirees and other small investors, who in turn become simultaneously “creditors” dependent on the timely repayment of debt, and sources of additional rent/profit extraction (Blackburn 2004).

Gatekeepers and Interlocutors

Credit Rating Agencies (CRAs) have been called the “gatekeepers” of transnational capital (Sassen 2000: 57; Sinclair 2005; Rosneau 1992). These are private entities that rate commercial and government debt in securitized bonds according to a standard graded scale, segmented in two broad tiers: “investment grade” (Aaa/AAA to Baa/BBB) and “speculative grade” or “junk” bonds (Ba/BB and lower). These scores ostensibly reflect the “creditworthiness” of bond issuers based on their ability and willingness to service existing debt in full and on time, or inversely, the “risk” or likelihood that they will default (Datz 2004: 308). Three CRAs, Moody’s, S&P, and Fitch, all headquartered in New York City, currently control 95% of the extremely lucrative global credit ratings market *Ibid.*: 309), the first two accounting for roughly 40% each.^{iv} They are also the only three bond rating agencies recognized by the U.S. Securities and Exchange Commission, which requires financial managers to base investment decisions on their ratings (Datz; White)

During the 1980s and 1990s, the barriers between commercial and investment banking were gradually eroded in the U.S. as both investors and borrowers turned towards the securities market.^v As a result, CRAs have become the command center of a (no longer “emergent”) governance regime coordinating the structural power of capital, with simultaneous policy leverage over a broad spectrum of actors (Sinclair 1994b; see also Sassen 2000; Germain 1997: 125-126; Mintz and Schwartz 1990: 200; Gill and Law 1988: 73). Desire for access to the U.S. securities market has driven states and other public entities North and South (Biglasier and DeRouen 2007) to increasingly adopt similar standards and legal frameworks, transforming CRAs into “private makers of global public policy” (Sinclair 1994a: 451-452; see also Datz 2004: 304-306). Despite CRA insistence that their assessments are concerned primarily with the financial flexibility of bond issuers, rather than specific policy prescriptions as such, neoliberal reforms are among their stated policy goals (Biglasier and DeRouen 2007: 125; see also Sinclair, Datz).

There are numerous examples of improved ratings being bestowed on private or public debt immediately prior to a major crisis, up to and including the U.S. financial meltdown of 2007-2008. Discussing the example of Argentina, Gisselle Datz argues that credit ratings have become so powerful, not because of the quality of their output, but as a result of the *subjective* power of “risk” in crisis prone environments (2004: 315). CRAs have “epistemic authority”: they are “embedded knowledge networks” whose authoritative judgments are “trusted” not because of the content, but because of the networks’ “relationship to the fractions of capital that seek and have resources,” (Sinclair 2000: 494; see also Davis and McGoey 2012). Thus, while the implementation of neoliberal policies (even policies specifically prescribed by the CRAs) does not always correlate with positive or improved sovereign bond ratings (Biglaisier and DeRouen 2007),^{vi} the disciplinary authority of the CRA-led neoliberal regime lies precisely in its *ideological* influence on local

capitalists and domestic power blocs seeking ways to further and justify their own interests and ambitions.^{vii}

The Neoliberal State: Polyarchy and 'Governance'

There is now a broad consensus among scholars of neoliberalism and transnational capital that, rather than disappearing or diminishing with the expansion of the “global market,” the state has been transformed in articulation with transnational forces (see for example Harvey 2005; Robinson 2004; Sklair 2000). At the “commanding heights,” there has emerged a “transnational state” (TNS) around the “inner circle” of the TCC (Useem 1984), which operates through the World Bank bureaucracy and the complex of international legal regulations that govern transnational trade and finance (Robinson 2004; Sklair 2000). However, as many authors have argued, private entities (such as CRAs) and arrangements not formally part of the international (interstate) framework have become leading regulators of transnational finance (Sinclair and King 2003; Scott 2002; Sassen 2000; Germain 1997; Sinclair 1994b; Russom 1992), which in turn has become hegemonic within world capitalism (Lapavistas 2014; Duménil and Levy 2011; Harvey 2010; Duménil and Levy 2004). This transnational governance regime, enmeshed at the highest levels with the TNS bureaucracy, reaches down towards the various nation states, which have also been transformed/disciplined by attaching to it (more or less proactively).^{viii}

At the level of the nation state, TNCs and the local capitalist classes, or fractions therein, work together with other neoliberal-minded actors to build a neoliberal state linked to transnational capital, which views its subjects not as functional members of the social structure, or citizens entitled to public goods (as in the earlier corporatist and liberal pluralist citizenship regimes; see Yashar 2005), but primarily as individual economic actors, and specifically consumer/debtors (see for example Slaughter and Rhoads [2004] 2010: loc. 474).

The preferred regime type for the neoliberal state is polyarchy,^{ix} the concrete form of the Schumpeterian procedural model of representative democracy, actively developed by the ideologues of the U.S. state since the early 1970s, just as the neoliberal project began to take root (Robinson 1996; Morton and Bilgin) Like all neoliberal mechanisms, polyarchic states obscure their rootedness in class struggle and power by disavowing any specific “policy” content, insisting merely on technical efficiency in narrow economic terms that closely resemble business jargon and privilege the “streamlining” of the formal state down to its repressive functions. In this way, democracy is reduced to an “electoral market” through which capital selects public managers, with increasingly vanishing differences between dominant parties (Gill; Gilens and Page). In turn, repression takes more selective,

sophisticated, “low intensity” forms (by comparison with authoritarian regimes) limited in times of “normality” to surveillance of the self-disciplined neoliberal subject.

The Making of a Neoliberal Colony

“Here’s the deal,” I told him. “I can either describe how the Puerto Rico Government Development Bank is laying off a loan it made to the Health Authority so it can pay you 9 percent guaranteed by a Letter of Credit from the Credit Industrial Development Bank of Japan . . . or I can simply circle you for \$25,000 of the bonds. What do you say?” He said, “Put me down for \$25,000.”

—J. Lebenthal, *Confessions of a Municipal Bond Salesman* (Lebenthal and Kanner 2006: 38).

Modern Colonialism and Liberal Development

Ramón Grosfoguel (2003), among others, has identified the mode of domination prevalent in Puerto Rico as well as other dependent territories in the Caribbean and elsewhere during the latter part of the twentieth century as “modern colonialism,” characterized less by the direct coercion and extraction of raw materials typical of classical colonialism than by the attempt to rule with the “consent” of the colonized, by stimulating dependent development with a measure of local autonomy. Emerging in the late 1940s, after four decades dominated by sugar capital and the corresponding social structure of the agro-industrial plantation (Pantojas-García 1990; Dietz 1986), the new colonial modality marked a strategic shift from primarily military considerations to the symbolic battlefield of the Cold War, new terrain demanding the construction of an exemplary showcase of capitalism and polyarchy in the Caribbean (Grosfoguel 2003: 45-46), an imperative that grew more urgent after the Cuban Revolution of 1959.

The shift also responded to a reshuffling of colonial and metropolitan elites, made possible by the world and local crises of the 1930s, and specifically the emergence of a new local power bloc given political voice by a reformist faction of the old Liberal Party, led by Luis Muñoz Marín, that was ready and able to position itself as an intermediary between the needs of local subaltern classes and the resources made available by the metropolitan power bloc that took shape in the New Deal (Villaronga 2004; Bernabe and Ayala; on the emergence of the New Deal power bloc in the U.S., see for example Ferguson 1984, and Hacker and Pierson 2002). Expelled from the Liberal Party in 1938, the *muñocista* faction became the Popular Democratic Party (PPD) in 1938, and quickly ascended to electoral hegemony in a modernizing drive adorned in populist discourse.

On the political field, the shift was manifested in the authorization, by the U.S. Congress, for the drafting of a new colonial Constitution, ratified by popular referendum, and finally approved with amendments by Congress, which came into effect in 1952. The new Constitution proclaimed the “Free Associated State” or Commonwealth of Puerto Rico, although it was made abundantly clear by U.S. authorities, throughout the process and continuously since, that it did not represent a change in the territorial relationship (Rivera Ramos 2007).

Economic colonialism, in the form of debt bondage (Art. VI, Sec. 8)^x and “free trade” with the U.S. (established since the early days of the occupation), was written into the Constitution. Applicable federal property law also restricts the development alternatives available to colonial managers squarely within capitalist parameters, while federal commercial regulations severely limit trade with other nation states. The model that emerged was dubbed “industrialization by invitation,” an export-oriented strategy based on attracting U.S. capital through low production costs and tax exemptions, an early laboratory for neoliberal “globalization” (Dietz and Pantojas-García 1993). Although PPD planners had foreseen a period of import substitution, local commercial banks threatened by the idea of state-led finance exerted their structural power to stunt the growth of the infant Government Development Bank (GDB), over which they soon acquired control (Padín 2003). The resulting liberal development strategy reduced the state’s role largely to that of facilitator of foreign capital, in part through the construction and expansion of vital road, communications, electric, and water infrastructure.

The model seemed to offer results, with two decades of rapid industrialization and improvement of living standards. Massive emigration to the U.S., made easier by citizenship (bestowed on all “citizens of Porto Rico” in 1917),^{xi} offered and was actively promoted by local authorities as an escape valve for social pressures resulting from the model’s inability to keep pace with the expanding population. In 1968, besieged by the social forces it had conjured up, the PPD’s electoral hegemony unraveled as it lost for the first time to the pro-statehood New Progressive Party (PNP). After brief tryst with petrochemical industries in the late 1960s, from 1973 onwards, the model entered a phase of terminal stagnation that persists today. Poverty levels, which decreased rapidly and steadily over the previous two decades, stabilized at 40 to 50% of the population,^{xii} while the official unemployment rate has fluctuated between 10 and 20% of the economically active workforce (Dietz 2003: 8-9, 164-168).^{xiii}

In 1976, local and metropolitan authorities attempted to address the crisis through a four-pronged strategy that defined the model through the century’s end: 1) federal tax exemptions for U.S. capital-intensive high technology corporations operating in Puerto Rico (Section 936 of the Internal Revenue Code), which attracted primarily pharmaceutical companies (Carmona Baez 2007); 2) the massive expansion of the local government payroll to offset the corresponding shortfall in the private sector; 3) the extension of the U.S.

minimum wage and welfare state through transfers to individuals; 4) additional debt fueled investment in infrastructure expansion and improvement (Dietz 1986; Dietz 1994; Dietz 2003; Pantojas García 1990). Stimulated by public assistance, U.S. financial deregulation, the relatively high wages of a highly-skilled middle class, and direct local subsidies, growing consumption generated a mushrooming financial and service sector, accompanied by a corresponding decline of all productive sectors (Dietz 2003). In 1996, the U.S. Congress approved a phasing out of Section 936 by 2006, which roughly corresponded to the eruption of the debt crisis. Federal liberalization across the board since the 1970s, discussed below in the context of education, has offered local elites additional pressures and incentives to build the neoliberal state.

The Local Neoliberal Power Bloc

Criollo Capitalists

In Puerto Rico's *criollo* ("creole," meaning local) colonial context, many of what are now indisputably TNCs arrived as U.S. "national" capital. Their exact composition has changed as the colonial economic structure and development strategy have shifted.^{xiv} Even if these changes have not always benefited the most powerful firms operating on the island at a given time (see for example Pantojas-García 1989: 525; Padín 2003: 286), by virtue of the colonial arrangement, the U.S. "imperialist bourgeoisie" as a whole has been the ruling class in Puerto Rico (Pantojas-García 1989: 552-557; see also Dietz 1979).

With transnationalization, the emergent global TCC, directly represented island today mainly by pharmaceutical and electronic manufacturing, retail and food service, tourism, and financial managers, was already long-established and dominant in Puerto Rico. This does not mean that local capitalists have always been victims or passive spectators of the process. Jose Padín, for example, argues that it was primarily the tiny local business class, led by local commercial bankers, who virulently opposed any potential plans for import substitution during the early stages of modernization. The latter were eventually handed the reins of the emerging public financing structure, implementing a "liberalized development strategy" that was largely responsible for economic stagnation since the 1970s (2003: 288-295). Today, three Puerto Rican-founded private banks dominate local commercial banking (see Casiano 2014: 79),^{xv} and have expanded into securities trading (*Ibid.*: 87).^{xvi} At least one of them, Popular, Inc., with \$26 billion in assets as of 2013 - nearly three times the central government's budget (see *Ibid.*; GDB 2014) - and subsidiaries throughout the U.S. and other services in several Latin American countries (Carmona Báez 2004), could accurately be described as a TNC .

According to the yearly list of the "Top 400 Locally-Owned Companies" published by Puerto Rico's premier entrepreneurial news weekly, *Caribbean Business* (Casiano 2014: 47-

65), the rest of the local capitalist class is dominated by food, beverage, and automobile distribution and sales, construction, and the private healthcare industry,^{xvii} which grew exponentially after the public hospitals were privatized and the door was opened to “managed care” in the neoliberal reform of 1993 (see Mulligan; Mélenlez). Two “nonprofit” private universities, the Ana G. Mendez University System (which recently opened five additional campuses in the U.S.) and the Interamerican University, also made the list (at 17 and 20), with 2012 revenues of \$284.5 and \$267.3 million, and total assets amounting to \$360.8 and \$502.2 million, respectively (Casiano 2014: 47).

Notable as well, in terms of their public political involvement, are Fonalledas Enterprises, “the largest family owned real estate company” in Puerto Rico, (number 13, with \$355 million in 2012 revenue, and \$803.1 million in total assets; *Ibid.*), which also owns a beverage processing plant and the Plaza Las Américas shopping center; and GFR Media (number 29, with \$195 million in 2012 revenue; *Ibid.*: 49) which holds a near monopoly on daily print news.^{xviii} All of these companies, local versions of what Sklair calls the “consumerist” fraction of the TCC, charged with disseminating the “culture-ideology of consumption” (1997: 530-533), have been active proponents and beneficiaries of neoliberalism.^{xix}

Ratings and Corporate Professionals

Puerto Rico’s relationship with the U.S. municipal bond market extends at least as far back as the early days of the occupation, when U.S. and local legislators gave Puerto Rico bondholders (unlike those of other U.S. jurisdictions) a “triple exemption” from local, state, and federal taxes. The arrangement, which directly benefited early lenders —almost exclusively New York-based banks—while freeing the federal government from footing the bill for the colony’s “development”, would contribute to the later attractiveness of Puerto Rico bonds in a diversified market, and the resulting dependence of the colonial government on predatory lenders.

In the 1940s, the GDB was created and authorized to act as “fiscal agent and fiscal advisor of the central government and its agencies.”^{xx} As a result of the liberal development strategy produced by negotiations between local state managers and commercial bankers, the bulk of GDB loans were early on destined towards building infrastructure, at first mainly for public housing and loans to private developers for middle income housing, but also public schools and utilities (Padín 2003; Cobián, unpublished: 4).^{xxi} To signal the colony’s “creditworthiness,” the drafters of the 1952 Constitution guaranteed that due principal and interests would always take precedence over other budget allocations each fiscal year.^{xxii} This guarantee, combined with apparent political stability and fiscal discipline, made Puerto Rico bonds even more attractive to investors, far before they ever became a subject of public awareness or discussion on the island itself.

The crisis of the 1970s coincided with the early stages of financial deregulation in the U.S., and the CRAs' adoption of an "issuer pays" policy. Puerto Rico's first credit rating on record (A1) was published by Moody's in September 1970; its first downgrade (to Baa1) came in January 1976. That year also marked a decisive shift in the island's export-oriented development strategy towards capital-intensive high technology industries. Among other elements, the new strategy included massive debt-fueled investment in infrastructure (primarily for road building, but also for the improvement of the public water and power corporations) as a subsidy to further entice these industries. Nonetheless, CRA ratings remained largely stable until 2005.^{xxiii}

During that three-decade interval, Puerto Rican entrepreneurial professionals, especially neoliberal economists,^{xxiv} actuaries, and corporate lawyers, emerged as powerful local intermediators between the transnational credit regime and local policymakers. Labor lawyer Alejandro Torres Rivera, for example, notes the role played by Aníbal Irizarry, Labor and Employment Counsel for the well-known firm McConnell & Valdez, in pushing for the scale back of protective labor legislation during the late 1990s (1999: [pg.]). Jorge Silva Puras and Marcos Rodríguez Ema, two recent gubernatorial Chiefs of Staff who also both led the GDB and strongly advocated neoliberal policies, are also corporate lawyers, intimately connected to the private sector.

Like generations before them, often educated in elite local private schools and U.S. universities and returning to train in local law at the UPR (where ironically they benefit from a public subsidy in the form of flat tuition), many young professionals are steeped in the contemporary dominant ideology (now neoliberalism) and well connected to local capitalists and political elites through family, business, and other networks.^{xxv} Upon graduation, they join corporations (as in-house counsel, for example) or corporate firms that generate enormous rents from the valuable service they provide in the accumulation and reproduction of capital: seven law firms were among the top 400 local businesses in 2014,^{xxvi} where they are joined by a number of architectural, accounting, engineering, and other professional firms. A handful of these habitually serve as legal counsel for bond issues made by the Puerto Rican government and/or its agencies, often drafting the Prospectus itself, providing crucial "translation" of the desires and demands of the financial market, as they perceive them, for policymakers.

Globalizing Colonial Bureaucrats

The Puerto Rican colonial state assumed full polyarchic form with the 1952 Constitution.^{xxvii} Two decades of electoral hegemony by the PPD, a modernizing party with a personalistic leader and populist rhetoric in the Latin American style, gave way with the victory of the New Progressive Party (PNP) in 1968 to a two-party dominant electoral system. From the start, this system has been characterized by few programmatic

differences between the PPD and PNP, except on the so called status issue: the former supports the colonial status quo, and the latter incorporation into the U.S. as a federated state.^{xxviii} A third, smaller Puerto Rican Independence Party (PIP) has occasionally given electoral voice to the Puerto Rican left and social movements, not without contradictions and extreme difficulties. Although not always descended from the ruling elite (local capitalists or the professional and intellectual elites), Puerto Rican politicians are connected to it through numerous family, business, and associational networks. Former governors, mayors, and senators especially gravitate (or return) towards the private sector after leaving office, directly or through corporate law or academic positions (sometimes outside Puerto Rico). Heads of executive agencies and other high ranking bureaucrats usually hail from similar backgrounds, although naming practices have varied according to the party in power and political priorities within the agency.

Vacancies in the UPR's highest administrative body, as members retire or complete their terms, tend to be filled with loyalists by the party in power. Both the PPD and PNP have typically also attempted (with more or less success) to justify their selections by naming "prominent citizens" with nominal expertise in areas at least tangentially relevant to the institution, if not education as such. Since the rebirth of the Board of Trustees in 1994, however, there has been a marked tendency to name figures from the world of local business (donors and collaborators), investment and finance, and corporate law, with little or no connection to the UPR. A partial list of personages nominated by either party who have occupied the board at different times in this period since includes: Kimberly Casiano (heiress to the Casiano Communications empire; on the Boards of Directors of Mutual of America and Ford Motor Co.); Fred Martínez (Senior and Managing Partner at Martínez, Odell & Calabria); Carlos del Río (then President of Pfizer Puerto Rico); former GDB chief [1986-89] José Ramón González (now Executive Vice President of the Federal Home Loan Bank of New York; held executive posts at Oriental Financial Group, Santander Bancorp, and Credit Suisse First Boston); Salvador Antonetti (Litigation Counsel at Fiddler, González & Rodríguez); investment banker/developer Agustín Cabrer; and retired cardiologist Germán Malaret (member of the Board of Directors of First Bancorp).

A Brief History of Academic Capitalism

In addition to the ideological reproduction of capitalist relations through the practical training and sorting of future generations, during the pre-neoliberal era the university had an additional role as a nerve center for ideological and intellectual production itself. Even as universities were transformed from marginal elite institutions into a genuine mass phenomenon,^{xxix} this function allowed academics during the era of class compromise to carve out a niche for what has been called the "public good

knowledge/learning regime” (Slaughter and Rhoads [2004] 2010: loc. 370, citing Silva and Slaughter 1984). This regime was characterized by valuing knowledge as a good in itself to which citizens have a claim, the recognition of academic freedom for faculty to pursue research and dispose of results at will, and a relatively separation of the public and private sectors (Slaughter and Rhoads [2004] 2010: locs. 635, 637, 643).

Slaughter and Leslie documented the practices in four countries,^{xxx} including the U.S. (and by extension of much of the relevant legal framework, Puerto Rico), that over the 1990s marked the shift from a public goods to a predominantly “academic capitalist” regime, including the focusing of research and development resources on the so-called STEM fields (science, technology, engineering, and mathematics) at the expense of others less useful to the market (1997: 211). As philosopher Slavoj Žižek reminds us, this shift responds not only to a logic of greater profit, but also “to the process of enclosing the commons of intellectual products, of privatizing general intellect” (2010: 91).

In contrast to the public goods regime, for the academic capitalist learning regime, “institutions, inventor faculty, and corporations have claims that come before those of the public” (Slaughter and Rhoads [2004] 2010: loc. 649). Knowledge is valued as a private good, “for creating streams of high-technology products that generate profit as they flow through global markets” (*Ibid.*: loc. 653), and little separation is envisioned between science and profit-making: “Discovery is valued because it leads to high-technology products for a knowledge economy” (*Ibid.*: loc. 655; see also Slaughter and Leslie 1997; Stokes 1997; Branscomb 1997a; Branscomb 1997b). This “encroachment of the profit motive into the academy” (Slaughter and Leslie 1997: 210) has taken place through a range of practices including, among others, the focusing of research funds on technoscience discussed above, patent and trademark policies (Slaughter and Rhoads [2004] 2010: loc. 412); the curricular prioritizing of business and other market-oriented courses at the undergraduate level (*Ibid.*: 453; citing Adelman 1999); the campus testing of corporate products, especially information technologies (*Ibid.*: 458); the outsourcing of and/or charging higher fees for campus services (*Ibid.*: 591); the increasing reliance on contract and part-time faculty (*Ibid.*: 436);^{xxxii} and broad changes in lending and tuition policies (which I discuss in further detail below).

Within the university, the principal actors gestating academic capitalism have been administrators (headed by trustees), faculty, and students (Slaughter and Rhoads [2004] 2010: loc. 322). It is at this level that the disciplinary mechanisms operate, through a series of pushes and pulls,^{xxxiii} to propagate the logic of profit within the academic world. The shift towards academic capitalism at the institutional level is closely related to the broader local, regional, and transnational shifts that produced neoliberal hegemony, in that they are underscored by a similar realignment of the professional and managerial classes away from the Fordist/Keynesian compromise, towards restoring accumulation, through networks spanning the public, private, and non-profit sectors that connect them to the

“new economy” (Slaughter and Rhoads [2004] 2010: locs. 814, 1357; see also Duménil and Lévy 2011: 13-19; Brint 1994; Silva and Slaughter 1984).

There is a strong tendency in the U.S. for members of corporate networks in certain knowledge areas (such as information, electronics, pharmaceuticals, medical devices, and biotechnology) to serve on the boards of trustees of universities integrating into the “new economy” both public and private (Mathies and Slaughter 2013; see also Slaughter and Rhoads [2004] 2010: loc. 824; Pusser, Slaughter, and Thomas 2003).^{xxxiii} It is, therefore, not unlikely for university trustees themselves to be members of the TCC, or among its local interlocutors, including entrepreneurial professionals serving the neoliberal cause.

Individual faculty and some administrators may oppose and even resist the shift towards academic capitalism - against the stringent conditions imposed by neoliberalism (particularly on contract and part-time faculty), in defense of the freedom and prestige accorded by the public goods model, out of ideological/political convictions, or some combination therein. In general terms, however, universities are able to seek out and engage external entities interested in entrepreneurial partnerships because its employees have been “disciplined” through funding and royalty channels that “reward individuals rather than collectives of professionals.” Administrators also benefit indirectly from faculty member’s success, which “signals competence to other universities and increases their career opportunities,” (Slaughter and Rhoads [2004] 2010: loc. 1373). There are, of course, also plenty of “sticks” to discipline rebellious faculty, particularly graduate students and contract faculty who are the most directly affected by neoliberalism, but also the most vulnerable. As for students and parents, tuition increases (which represent the greatest share of increase in “external funding”) combine with other ideological pressures to produce a student-consumer subject that views educational experience in terms of returns on investment (*Ibid.*: loc. 335).

Although the years between 1980 and 2002 saw the steepest slide towards academic capitalism ([2004] 2010: loc. 807), the process extends as far back as 1972 (*Ibid.*: loc. 514). In that year, Congress amended the Higher Education Act of 1965, switched higher education funding from block grants to institutions, to vouchers - the Basic Educational Opportunity Grant (BEOG), which later became the Pell Grant - that students could use in partial payment of tuition, setting off competition among universities for federally subsidized tuition dollars (*Ibid.*: loc. 759). Using the rhetoric of “student choice,” business policy organizations and foundations lobbied strongly for the amendments,^{xxxiv} which became the first federal legislation explicitly framed in market discourse (*Ibid.*: loc. 971). The amendments were also a big step towards the class and race segmentation of the higher education market in the U.S.^{xxxv}

Since then, as costs escalated across the board (*Ibid.*: loc. 897, citing Ehrenberg 2000), “federal student financial aid in grant form diminished relative to the cost of higher education, while the supply of loan money expanded rapidly” (*Ibid.*: loc. 894; see also

Kimberling 1995; Hannah 1996; Hearn 1998).^{xxxvi} By the late 1990s, “proprietary” institutions recast as “for-profits,” such as the University of Phoenix (the largest in the U.S.), were again able (after cuts in the late 1980s and early 1990s due to high default rates) to draw heavily on federal grants and loans for employed adults and other nontraditional students attending part-time and online, programs that public and private nonprofit universities quickly began to emulate as an additional source of income (Slaughter and Rhoads [2004] 2010: loc. 761; see also Ruch 2003).

The appearance and rapid expansion of the for-profit university, together with cuts in direct funding to state-run universities, not only pressured traditional institutions to compete for tuition and public subsidies (grants and loans), at an ideological level it confirmed the feasibility of treating education as a marketable commodity (justifying “user pays” policies), thus furthering the internalization of neoliberal common sense. In addition, increasing loan programs that allowed students from middle income families to attend elite private colleges^{xxxvii} “in effect privatized the cost of college attendance” (Slaughter and Rhoads [2004] 2010: loc. 906, citing Leslie and Brinkman 1988).

These processes blurred the lines between the “public” and “private,” illustrating the constructed, contingent, and often contradictory political character of these categories (Slaughter and Rhoads [2004] 2010: loc. 606). This blurring, embodied in the intimate relationship between the consumer and (individual and social) debtor subjects, is illustrated by the crucial role of “fiscal crises” and “budget shortfalls” in legitimating the belief by administrators, as well as some faculty and students, in a language of resource shortage used to justify the search for external funding (*Ibid.*: loc. 326). Both are aspects of a neoliberal subjectivity that is simultaneously constitutive of and constituted by the neoliberal state.^{xxxviii}

From Colonial Schooling to Neoliberal Tower

Schooling the Colony (1903-1941)

Puerto Rico’s first, and to date, largest university, the University of Puerto Rico (UPR), was founded in 1903, five years after the U.S. occupation, at a normal (teacher training) school on the outskirts of what was then the town of Río Piedras, and expanded gradually through land grants by the U.S. federal government.^{xxxix} During the first two decades of its existence, the UPR’s largest *facultad*^{xl} was the “Normal College”. The newly founded institution was at the heart of a convergence of the interests of local elites in developing an educational infrastructure long stagnant under the former colonial power (see for example Osuna [1949] 1975: 5-124),^{xli} and the “civilizing” mission of a new colonial power undergoing its own dramatic expansion of public education during the Progressive Era (see Bowles and

Gintis). The impact of this early drive was significant, perhaps greater than any other social achievement of the young colonial administration (see for example Osuna [1949] 1972: 599-600, 605-607). However, by the 1940s, average schooling and other key indicators still lagged seriously behind the metropolitan U.S. (*Ibid.*: 603-605). As in other areas, federal support, financial or otherwise, for the herculean efforts of thousands of UPR graduates (largely women) during the first four decades of the twentieth century was limited, prompting calls for reform by local educators and their metropolitan allies.

The International Institute of the Teachers' College at Columbia University was among the voices arguing for greater support in a 1926 Report, which summarized the view of metropolitan reformists thus:

[The [educational] system is an American system. It is modeled on the traditional forms of school organization prevailing on the continent. But it was not forcibly imposed upon the people of Puerto Rico by the Government of the United States. They adopted it of their own free will - and enthusiastically. The act bore witness to their confidence in a nation of which they had recently become a part, to their acceptance of the fundamental obligations of American citizenship, to their desire that the communion with the United States should be more than merely political. ("A Survey of the Public Educational System of Puerto Rico", cited in Osuna [1949] 1972: 597; my trans.).

However, while modernizing local and metropolitan elites both saw education as the key to "progress," a discourse closely underwritten by a disciplinary project of social control and ideological reproduction (see Santiago Valles 1994: 64, 159), priorities were different (see IITC, Lindsay in Osuna, pgs. 597-599).

For the rising local professional and intellectual elite, the fledgling integrated public education system represented an opportunity to forge a Puerto Rican "personality" and "cultural values" among the popular classes according to its worldview, albeit within a framework of "loyalty to U.S. citizenship" (extended to Puerto Ricans in 1917). For the U.S. ruling class and its strategists in the executive branch, it was this last point that mattered. During the first decades of U.S. rule, much of "public instruction" consisted in "Americanization," through the social studies curriculum (Navarro 2002) and the use of English as the language of instruction (Osuna [1949] 1972: 341-418; Irizarry 2004: 47; Negrón 1975). Many of the conflicts and reform movements within both the UPR and the public school systems during the 1920s and 1930s revolved around the question of cultural identity and the language of instruction, in addition to the inadequacy or lack of resources, infrastructure, and effective participation by students and teachers, particularly as the economic crisis deepened during the latter decade (Picó; Navarro).

The UPR was at the epicenter of much of the wider political turbulence of the 1930s (Picó; Navarro). Changing strategic priorities and alignments among metropolitan and local

elites resulted in shifting attitudes towards the role of the educational ISA, perhaps best illustrated by the appointment as UPR Chancellor of Carlos Chardón, an agro-biologist tied to Muñoz Marín's reform faction of the Liberal Party, who had drafted an ambitious and controversial development plan that called for an aggressive planning and financing role for the state, and would go on to head the Puerto Rico Reconstruction Administration (Matthews 1976: 156-157, 162-123).

Juan B. Soto, a philosophy professor who succeeded Chardón, summarized thus, at the doorway of modernization, the changing views about the UPR's mission and curricular offering:

[B]esides those subjects of a pure cultural nature that are essential to an educated man, the [UPR] must offer a number of courses in the political and social sciences which allow us to *understand our place in society as citizens and as men . . .*

It is equally important . . . to offer opportunity to our youth for training, not only in the pure physical and mathematical sciences, but also in those branches of such sciences which are applied to the study of economics, industries, and the different branches of engineering, which made for the material welfare and prosperity of modern countries.

Finally, the [UPR] must be in a position to *assist the government of the island in studying and solving the different problems which it is called to confront* (cited in Osuna [1949] 1972: 550; my trans.; my italics).

Institutionally, on the one hand, the New Deal and its extension to Puerto Rico brought a new influx of federal resources,^{xlii} with the UPR serving as a "brain trust" of sorts for the implementation of its programs, reflected in the tenure as Chancellor of Chardón and later Rexford G. Tugwell (Matthews 1976: 156-157, 162-123). On the other, infrastructure and curriculum still failed to meet metropolitan standards: recognition by a U.S. educational accreditation agency, the Middle States' Association (MSA), was denied in 1937 (Osuna [1949] 1972: 551-552).

Founded in 1938 after a split in the Liberal party resulted in the expulsion of the *muñocista* faction, the PPD achieved a legislative majority in 1940. The following year, after a very brief stint (49 days) as UPR Chancellor, Tugwell, a "radical" New Dealer, was appointed governor to oversee the implementation of the PPD's modernization program, "Operation Bootstrap," which was underway with the founding of the Puerto Rico Industrial Development Company (PRIDCO) and the GDB in 1942.^{xliii} The UPR became a "strategic institution", as reflected in its restructuring during this era and the use of appendages such as the College of Agriculture and Mechanical Arts in Mayagüez and the newly founded (in 1945) Social Science Research Center as "bureaus of policy research as well as economic and social planning for the government" (Irizarry 2004: 48; see also Duany 2005; Quintero Rivera).

That education in general was seen as “a major strategic sector” (*Ibid.*: 49) can be seen plainly in the words of government officials during the nearly three decades of uninterrupted PPD rule (see for example Moscoso [1953] 1997; Picó [1960] 1976; Rodríguez Pacheco [1962] 1976). Education as a vehicle of not just individual but *social* redemption was a central trope of PPD discourse, which would become deeply ingrained in the consciousness of the popular classes (see for example Laguerre [1954] 1976; Quintero Alfaro 1974).^{xliv}

The “House of Studies” Public Goods Regime (1942-1971)

The UPR, however, was still very much an enclave of the elite, with an enrollment of about 5,400 when the University Law of 1942 was passed by the PPD-controlled legislature, defining the institution’s orientation in the following terms:

... to point out the truth and to instill the methods of knowing it, of testing it, or of doubting it - in an attitude of *profound respect towards creative thought and creative doubt*.

... to utilize the intellectual and spiritual riches latent in our people and expressed in the exceptional personalities *that arise from the poorest classes*, which otherwise could not make the natural values of their intelligence and of their spirit available to the service of the Puerto Rican community (Law 135 of May 7, 1942, cited in Osuna [1949] 1975: 553; my trans.; my italics).

Low tuition and state-sponsored financial aid, combined with expansion and improvement of public high schools (Nieves Falcón 1965: 19-49; Rivera-Bátiz), allowed for modest fulfillment of the populist rhetoric, with enrollment more than doubling to 11,300 by 1950, and reaching 18,800 by 1960 (Irizarry 2004: 48, 50; Nieves Falcón 1965: 67, 69).

The Law also created a Council on Higher Education (CES) to conduct research on educational needs of the population as a whole, as well as appointing the UPR Chancellor and performing “all the duties commonly vested on a University Board of Trustees,” and created University Boards with (limited) faculty and student representation (cited in Osuna [1949] 1975: 553-554). In addition, it set the stage for a restructuring that increased specialization and the academic offerings, most significantly by dividing the College of Arts and Sciences into the Colleges of Natural Sciences, Humanities, and Social Sciences (Nieves Falcón 1965: 53-54).^{xlv} The UPR finally received accreditation from the MSA, in part as a result of these changes, in 1946.^{xlvi}

Investment in education at all levels, driven by the need to develop a skilled workforce and recruit professional managers for government and industry, continued through the 1950s and 1960s (Nieves Falcón; Rivera-Bátiz). At the level of political representation, commitment to the redemptive ideology of education as the motor of modernization and equality is illustrated in the Constitution of 1952, which among other

things forbids the use of state funds to finance elementary and secondary educational institutions other than “public” (Laguarta Ramírez, unpublished, 3-4). The unprecedented expansion of public schools, the erosion of the agricultural sector, and the growing demand for professional and managerial jobs in turn resulted in a massive influx of students to the UPR, doubling from 1960 to nearly 38,000 by 1970, and reaching 54,000 by 1974 (Rodríguez Fraticelli 2004: 176, fn. 8). The growing student population led to the creation of all eight additional regional colleges between 1963 and 1979, most of them oriented towards “technology based programs related to manufacturing and management” (Irizarry 2004: 50).^{xlvii}

In 1966, three laws laying out a new University Charter were approved, in order to stabilize the UPR's funding. The most significant organizational changes were the creation of the office of President, and the enabling of the creation of regional colleges (Rodríguez Fraticelli 2004: 177).^{xlviii} A new formula for institutional finance based on the central government's General Fund was also established,^{xlix} allowing the CES to revise tuition and fees as needed, and to incur debt for infrastructure by selling UPR bonds.^l The 1966 Laws, as later amended, remain the UPR Charter to this day.

Jaime Benítez, a political science professor and close associate of Muñoz Marín, succeeded Tugwell as UPR Chancellor and held the office until 1966, when he was appointed to the newly created UPR Presidency (from which he was forced out in 1971). Benítez's three-decade tenure at the helm of the UPR left a deep imprint on the life of the institution, sealing an alliance between the island's academics and intellectuals (many of them former nationalists) and the PPD project (see Rodríguez 1994).

Benítez's educational rhetoric, a particular blend of public goods discourse, envisioned the university as a “house of studies” characterized by the search for knowledge (in addition to research and the training of professionals), academic freedom, and the strict separation of politics and the academy (see for example Benítez 1962; Rodríguez 1994: [pg.]).^{li} Another aspect of his philosophy was a humanistic “Western” universalism, which coincided roughly with the “bridge between cultures” metaphor deployed by Muñoz to accommodate cultural nationalism with “loyalty” to the U.S.,^{lii} but often clashed with the more nationalistic elements even within the PPD (Nives Falcón 1965: 55-58). In this framework, dissent within the institution was confined mainly to polite academic debate, and “narrow” political nationalism was flatly rejected, a combination which came to a head with the student strike of 1948,^{liii} after which student councils were “virtually eliminated” for nearly two decades (Irizarry 2004: 48).

The House of Studies, as a liberal public goods academic regime, was not devoid of its own ideological obligations and corresponding disciplinary mechanisms. The trope of debt (in a non-monetary form) was very much present in the educational discourse of modernization, as illustrated by the words of PPD patriarch, now Governor Muñoz Marín, to the 1954 general assembly of the Teachers' Association:

I believe that, clearly fixed upon our animus our loyalty to United States citizenship, sincerely motivated by affect, *as well as by the undertaken obligation*, no one should be confused when Puerto Ricans exercise their absolute freedom of thought upon the cultural values that ought to give satisfaction to their lives, meaning to their contribution to the American Union, broad service to the good understanding so necessary for all in the Americas; upon their attitudes toward life, their language, the meaning of their being. Our loyalty as free men. And loyalty as free Puerto Rican men! (1997: 184-185; my trans.; my italics).^{liv}

The modernizing colonial state of which the UPR was now a key ideological component was founded on the premise that US citizenship and democratic institutions (including liberal higher education) were a debt that good Puerto Ricans paid back through loyalty, and specifically military service. At the UPR, this loyalty was expressed through enthusiastic support by administrators for on-campus military presence, in the form of draft recruiters and the Reserve Officers' Training Core (ROTC).^{lv} Both Nationalists and advocates of U.S. statehood inverted the formula through the idea that the draft was a "blood tax" exacted from Puerto Ricans, a perception strengthened by high draft and combat rates among Puerto Ricans, which continued to resound strongly among students protesting the draft and ROTC during the Vietnam War (Murillo 2011: 29; Ayala and Bernabe 2011: 230).

Although the end of Benítez's tenure as President in 1971 did not mark the end of the public goods regime at the UPR, it did signal its political crisis and gradually accelerating erosion. The very factors that led to rising enrollment meant that thousands of first generation poor and working class students with rising expectations were flooding into the politically charged environment and coming into contact with revolutionary ideas being voiced by increasingly impatient *independentistas* radicalized during the 1960s. With thousands more being drafted for the U.S. wars in Indochina, military presence on campus, sanctioned by the administration, became a flashpoint of intense confrontation between leftist and "anticommunist" students. Demands for student participation, curtailed since 1948, also grew louder, unheeded by the administration. In the meantime, structural change had also undermined PPD electoral hegemony,^{lvi} leading to the election, in 1968, of a pro-statehood New Progressive Party (PNP) administration that sought to fill key bureaucratic posts with its cadre (it had not secured a legislative majority), including at the still PPD-controlled UPR (Rodríguez Graciani 1972: 54-57). In such an environment, the depoliticized House of Studies could not stand. Benítez "resigned" after his position was declared vacant by a bare majority of the CES.^{lvii}

At the Doorstep (1972-1981)

These events nearly coincided with the major shift in federal higher education funding policy of 1972 described in the preceding section. In Puerto Rico, the PPD returned to power in 1973, and Benítez became Resident Commissioner before the U.S. Congress,^{lviii} where he lobbied successfully for the island to be included in the Higher Education Act, as amended the previous year. Private sector enrollment,^{lix} which had also been growing significantly - from a scarce 396 students in 1944, to 6,000 in 1960 and 19,500 by 1970 - exploded with the influx of BEOG and later Pell Grant funds after 1973,^{lx} surpassing the public system barely four years later, in 1976-77 when it reached 58,600, 53% of the total student population (Irizarry 2004: 50; Rodríguez Fraticelli 2004: 176-177, fns. 7 and 8). With federal loans and grants representing up to 90% of tuition (Irizarry; Rodríguez Fraticelli), such institutions became directly subsidized by the federal government (and indirectly, the local government).^{lxi}

Meanwhile, enrollment continued to grow at the UPR, which purchased equipment and technology, expanded and created graduate programs, and increased personnel in all areas (faculty, administrative support, maintenance) to accommodate both a growing student body and the changing, increasingly “knowledge-based” labor market (Rodríguez Fraticelli 2004: 178). Higher admission standards at the UPR meant that private colleges absorbed the bottom class tier of higher education in Puerto Rico.^{lxii} On the other hand, lower tuition at the UPR (up to one third of the cost per credit at private institutions)^{lxiii} meant it received a lower share of federal subsidies per student, but made it an attractive option for higher-performing working class students, particularly before entrance exams scores began to decline in the 1980s (see for example Ladd and Rivera-Batiz 2006: 201).^{lxiv}

The economic contraction that began in 1974 directly affected the UPR’s budget, which is directly dependent on local government revenue, prompting administrators to slow investment and cap total enrollment at 55,000 in 1975-76 (Irizarry 2004: 50; Rodríguez Fraticelli 2004: fn. 8).^{lxv} That same year, for the first time since 1949, the CES increased tuition for “nonresident” students, as well as all graduate students, and increased a number of fees (Pabón 1981: 40).^{lxvi} At the same time, concerns about the island’s growing public debt reverberated in debates about the UPR. Shaped by local and metropolitan actors, institutional rhetoric began to echo the academic capitalist discourse that had become dominant in the U.S.

By 1979, the CES - now controlled by the PNP (elected with solid legislative majorities in 1976 on a platform critical of the previous PPD administration’s austerity measures) - had received a report and proposal drafted by the heads of the system’s units,^{lxvii} stressing the need to cultivate “external funding” (*Ibid.*: 40).^{lxviii} In December 1980, the MSA issued a report in which it urged a series of measures to increase institutional resources, warning about a potential loss of accreditation, and fully supporting a Development Plan drafted by the UPR president, which conceived the Río Piedras campus as a center for graduate studies and basic research. Two months later (and five months

before it would be implemented), citing the threat of losing MSA accreditation, the CES announced an across-the-board tuition increase, which set off the prolonged and unsuccessful student strike of 1981 (*Ibid.*: 45-48; Vélez Cardona 2014: 164).^{lxix}

Into the Neoliberal Tower (1982-2005)

During the early 1980s, Puerto Rican political and economic elites grew increasingly concerned that new federal policies might undermine two of the pillars sustaining the island's economy since 1976 (Pantojas-García; Weiskoff; Dietz; Curet Cuevas; Meléndez). On the one hand, the Reagan Administration's Caribbean Basin Initiative, which sought to extend to neighboring Caribbean nation-states many of the same federal tax exemptions for U.S. high-tech and pharmaceutical companies operating in Puerto Rico, threatened to undercut Puerto Rico's "competitive advantage" (Pantojas-García 1990; Baver 1993). On the other, proposed cuts to welfare (extended to the island in 1976) and other federal aid programs could exacerbate social tensions and impact the retail sector. Driven by this threat, local business groups strongly dependent on the influx of federal cash have continuously sought to expand into "new markets" by making inroads into areas previously under the charge of the state. Among the most vocal have been private colleges and universities ("nonprofit" or not), which expressed fears early on that they might lose from 10 to 15% of their students if proposed cuts to the BEOG program materialized (Pabón 1982: 53).^{lxx}

Puerto Rican elites had embraced the neoliberal "consensus" by the late 1980s, when an advisory council composed of private sector consultants and high ranking-government officials drafted a report calling for a new development strategy based on privatization, austerity, and increased "competitiveness" (CAEG 1989). Local capitalists, for their part, organized a "Private Sector Strategic Planning Council" that published two studies urging the total or partial privatization of public services, and identifying specific agencies to be targeted, including the Department of Education (Torres Rivera 1999: 344-346),^{lxxi} but not —perhaps because of its political sensitivity— the UPR, where nonetheless, the logic of academic capitalism continued to advance.

In June of 1991, the first across-the-board tuition increase since 1981 was approved and implemented, provoking a series of strikes and protests leading up to an unsuccessful three-week student strike in the spring of 1992, as well as several protests and strikes against outsourcing and employee "reorganization" by the maintenance and administrative employee unions (Ramos Rodríguez, et al. 2008: 174-187).^{lxxii} The legislature did increase the percentage of the General Fund going to the UPR through the automatic funding formula twice in the 1990s (for the first time since 1971), but only to cover specific programs or to offset the negative effects of broader neoliberal reforms.^{lxxiii}

In the meantime, private colleges and universities began an aggressive lobbying campaign for the redistribution of the money allocated to the UPR through this formula (Rodríguez Fraticelli 2004: 180). The PNP administration of Pedro Rosselló, elected in 1992, attempted to address their concerns by dividing functions of the CES, charging a new Board of Trustees with the UPR system's administration and governance, while the local accreditation and licensing of institutions of higher education in general remained in the hands of a stripped-down CES. The Board of Trustees was entrusted with drafting a revision of the University Law that would formally adopt the tenets of academic capitalism: "provide for the decentralization of the system, and promote, at the same time, our commitment to scientific research, technological development, and the modernization of university processes."^{lxxiv} The Board's first act was to fire the existing PPD-appointed President, whose replacement was appointed by the now PNP-controlled CES (*Ibid.*; see also Meléndez 1998: 237). The Rosselló administration also attempted to open the door to privatization in the public school system, but was rebuked by a teachers' strike and an eventual unfavorable ruling by the then PPD-controlled Supreme Court (Maldonado Jiménez 1993; Neptune 1993).^{lxxv}

The new University Law that the UPR's reborn Board of Trustees was charged with drafting never materialized, in part as a result of constant partisan bureaucratic reshuffling. However, the Board rapidly set about fulfilling its mission to fertilize the soil where academic capitalism could flourish, boldly embracing the institution's ideological function. For example, its Strategic Science and Technology Plan insisted that "business, science, and engineering courses must be revised in order to *incorporate entrepreneurial knowledges and attitudes in the students*" (Cert. No. 144, 1996-97, cited in Vélez Cardona 2008: 19; my trans.; my italics).

In 1998 and 1999, the legislature passed the so-called Educational Opportunities Laws,^{lxxvi} which created a centralized Educational Opportunities Fund to be financed by revenue from all existing laws providing local educational grants for needy students, the gambling and lottery laws, and the absorption of the already existing Educational Fund. These funds would now be disbursed directly to the students' families through the CES, allowing them to be spent at any other institution (Vélez Cardona 2002: 100-105). The shift, which diverted approximately \$40 million annually from the UPR's finances, was framed within the academic capitalist discourse of "individual choice and freedom" (Law 138 of 1999, cited in Vélez Cardona 2002: 103). As evidenced by then UPR President Norman Maldonado's deposition during public hearings, underlying this rhetoric was a concerted political push towards "competitive external funding."^{lxxvii} Then GDB President Rodríguez Ema stated even more bluntly that the UPR would have to "be aggressive in identifying and approaching alternate sources of revenue," (cited in *Ibid.*: 102; my translation) because the CRAs were concerned that it was too dependent on the government for revenue.

Although these particular funds were restored to the UPR in 2003 in yet another partisan jab,^{lxxviii} academic capitalism continued to advance^{lxxix} under the disciplinary pressures of the public debt and the transnational credit regime, and despite the lip service by some PPD administrators and politicians to a bland critique of “subservience to the market,” (Comisión 2001). For instance, from 1999-2000 to 2005-06, during two consecutive PPD administrations, untenured faculty at the UPR grew from 29 to 37 percent of the total, and part-time faculty from 18 to 25.5 percent, reflecting a tendency towards convergence with private institutions which is consistent with academic capitalist practices (Vélez Cardona 2008: 19; see also Rosario Luna 2014; Rosario Luna 2009).

In addition, in 2003, the Board of Trustees approved the UPR’s Institutional Policy on Patents, Inventions, and their Commercialization (Cert. No. 132, 2003-04^{lxxx} cited in Vélez Cardona 2008: 20), according to which “knowledge and technology may have some market potential, and in consequence, should be treated as an asset . . . that generates revenue for the inventor and the University” (*Ibid.*). The new policy declared University property all those inventions developed: “1) within the employees’ work environment, within the normal activities inherent to the academic profession, academic research, in the course of study or employment; or 2) through the utilization of funds, installations, or other university resources” (*Ibid.*).^{lxxxi} This period also witnessed several partly or wholly privatized construction projects, including a new, privately managed administration building financed through its own separate bond series.

Permanent Crisis (2005-2010)

May of 2005, only five months into the PPD administration of Aníbal Acevedo-Vilá, was a watershed for neoliberal subjectivity in Puerto Rico. Public debt, which had grown massively since the 1970s as the result of a development strategy based on investment in infrastructure, and now stood at over \$40 billion,^{lxxxii} made its grand entrance into the broader public consciousness. After years of continuous downgrading, S&P’s downgraded the central government’s bonds to the bottom of the investment grade category, sternly warning that the next downgrade would plunge the island’s credit into “junk” status (see Alm 2006: 320). A new across-the-board tuition increase, implemented in order to secure a projected bond issue which finally took place in December 2006,^{lxxxiii} had provoked a month long student strike at the UPR which ended on May 2, in a stalemate that amounted to victory for neoliberal administrators.^{lxxxiv} During that same month, a Special Commission for Fiscal Reform, created by Acevedo Vilá in one of his first acts in office, published its final report recommending a flat 10% sales tax - a measure the governor had campaigned against (CERF 2005; see also Torres Rivera 2006).

The ensuing debate produced a partisan standoff between the administration and the PNP-controlled legislature over the rate of the tax (the PPD finally settled on 7%, while

the PNP, which had argued during the election for a much higher rate, insisted on 4%) that dragged on for a year, into the 2006 budget approval discussion, resulting in a two-week government shutdown that left 100,000 public employees temporarily jobless (Torres Rivera 2006).^{lxxxv} Public frustration worked to the PPD's advantage, and a rogue group of PNP legislators yielded, approving a 7% "Tax on Sales and Use" (IVU), of which exactly half of the portion corresponding to the central government (1.5 of the 7% corresponded to the municipalities) would go to an "Urgent Interest Fund," administered by a public corporation (COFINA), which issues its own bonds.^{lxxxvi} COFINA bonds are separate from those of the central government, secured using yearly IVU revenue, and used to pay back the GDB for loans made to different state agencies to cover budget deficits caused by the constitutional requirement that the public debt must be serviced before any other expenditures.^{lxxxvii}

Far from the stated purpose of addressing the "problem" of the informal economy (see CREF 2005), the highly regressive IVU was always conceived and intended as a failsafe for the island's debt bondage regime.^{lxxxviii} For the UPR, this segmentation meant \$52 million yearly in tax revenue that would never reach the General Fund, and therefore the institution's coffers (Vélez Cardona 2014: 164). The government also stalled contract negotiations with public-sector unions during this period (for two entire years in the case of public school teachers), in an attempt to break any potential resistance.

An Advisory Committee on Institutional Finances appointed unilaterally by then UPR President Antonio García Padilla (brother of now Governor Alejandro García Padilla), allegedly in pursuance of the agreement that ended the April 2005 strike (but actually in substitution of the multi-sector committee appointed as part of that agreement, which met and produced a partial report in June 2005), published its final report in August of 2006, recommending a permanent yearly escalating three or four percent tuition increase affecting only the incoming class, guaranteed for the expected duration of the period of studies (CAFI 2006: 227).^{lxxxix} In June of the following year, the Board of Trustees adopted an amended version of the plan, for a six-year period, with an immediate, one-time only 13% increase for 2007-2008, and a 4% increase each year thereafter until 2012.^{xc}

In October of 2006, immediately prior to a new bond issue,^{xci} the Governor's Office published its Plan for Economic Development and Transformation, proposing a massive restructuring of the central government's spending through agency consolidation and incentives for "voluntary" retirement and resignations (ELAPR 2006: 26-34).^{xcii} Among other "strategies," the plan called for financing infrastructure through public-private partnerships (*Ibid.*: 10-12), and "inserting" Puerto Rico into the "knowledge economy" as a center for biotechnology, engineering, and information sciences with the UPR at its core (*Ibid.*: 13-15, 50; see also Duprey 2010; Muñiz Varela 2013).

Haunted by federal corruption charges and weakened by the teachers' strike of 2008, Acevedo Vilá was defeated in that years' election by right-wing conservative

candidate Luis Fortuño of the PNP (also a member of the U.S. Republican Party), which reaffirmed its control of the legislature. One of the Fortuño Administration's very first measures, following the recommendations of yet another Advisory Council headed by private sector notables (see CAREF 2009: A-1), was to approve the notorious "Fiscal Emergency Law," Law 7 of March 9, 2009, which allowed it to temporarily override labor legislation and public-sector contracts for a period of two years, laying off 30,000 public-sector workers (around 17% of the public workforce). Parallel legislation also promoted the incursion of private capital into the public sector through public-private partnerships, which it was believed would absorb the laid-off employees.

Law 7 was Puerto Rico's first legislation explicitly drafted at the behest of the CRAs ("to avoid a further credit rating downgrade"). Although the Law explicitly "exempted" the UPR from its cuts, it affected the institution by excluding it from receiving any of the new revenue generated by special measures in the Law (\$41 million per year), exacerbating an alleged \$300 million budget shortfall. The elimination of fee waivers that set off the first phase of the 2010-2011 Strike was an austerity measure justified on the basis of that shortfall, while the \$800 "Fiscal Stabilization Fee" that set off the second phase was intended to secure a new institutional bond emission (see Kaske 2010: 4).

Conclusion

There is no better indicator of the distance traveled by the UPR in the nearly four decades between the first strides of neoliberalism and the Student Strike of 2010-2011 than the words of the Advisory Committee on the Future of Higher Education created shortly after the strike, cited at the beginning of this article. Long gone is the view of the university as a purveyor of "social needs," a harnesser of the "creative energy of the poorest classes," a fountain of broad knowledge "to understand the world in which we live," that informed the House of Studies public goods regime. The institution is still conceived as a strategic arena for development, but now at the service of the *neoliberal* state, facilitator of a "knowledge economy" that only has room for knowledge that is "useful and relevant," defined as that which "results in new products, goods, and services sold in global markets."

The quote is a textbook illustration of an academic capitalist knowledge regime, as described by Slaughter and others, perhaps directly copied from MSA "recommendations" or some corporate handbook on "best practices" in for-profit education, whose dicta are taken at face value, here and in countless other official statements. That regime did not materialize overnight, but was internalized over decades of interaction through networks spanning transnational and local arenas.

University administrators, faculty, and students have been active players in that process, together with corporations, professionals, and politicians, and other local, metropolitan, and transnational actors. The modern colonial state, which in many ways

prefigured its neoliberal successor, provided an additional framework for the direct transmission of the neoliberal project. At no point has this project been a readymade, fully contained “model,” identical to its own ideological presuppositions, but rather a contradictory, contested, and often improvised unfolding of the logic of capital accumulation and the permanent political deferment of any reckoning with its consequences.

A social movement of the TCC and its allies within the neoliberal power bloc, this process has taken place through three main mechanisms: the transnational credit regime/debt economy; the encroaching marketization or commodification of public goods (manifested at the institutional level as academic capitalism; and the local neoliberal colonial polyarchic state. All three mechanisms have at different times and to different degrees worked to advance the three major aspects of the neoliberal project: weaken the structural power and organized resistance from working class and popular sectors, restore private capital accumulation and expansion into “new markets” by feeding off the public sector, and reconfigure ideological interpellation to produce a neoliberal consumer/debtor subject hegemonic among the population.

These mechanisms have shaped the choices facing the UPR student movement by transforming the context in which it exists and acts, primarily at three levels: that of the broader social formation (Puerto Rico), that of the institution (the UPR), and that of the student body itself. At the broader social level, aggressive campaigns by private colleges echoed in the neoliberal media have sowed the consumerist “user pays” concept, with UPR students as a whole seen by many (including working class students attending costlier private institutions) as a “spoiled” elite, reflecting the common sense acceptance of commodified education. The shift in the strategic role of the university has also resulted in diminished utilitarian value for bureaucrats and politicians nominally committed to the public goods regime, and therefore less enthusiasm for its defense. The constant menace of uncontrollable public debt and credit downgrades serves as a further ideological check on all sectors of the population.

At the level of the institution, constant competition and pressure from private colleges, as well as the (real or perceived) insufficiency of the automatic funding formula, facing the constant threat of a wider fiscal crisis, drives administrators and faculty in the unending quest for “external funding,” which consists primarily in research funding (itself a major pressure/incentive to satisfy the demands and expectations of corporate funders), patents and trademarks (further commodification), and student tuition and fees. In turn, there is a greater integration, both through the abovementioned pressures and in the form of direct corporate presence on the Board of Trustees, between the institution and the neoliberal power bloc. The ideological and disciplinary forces at work in the broader population are also felt within the microcosm of the UPR, driven not just by the threat of

CRA devaluation of institutional bonds, but also that of losing accreditation by the MSA (which serves a similar disciplinary function, at the institutional level, as the CRAs).

As for the student body, one of the most important shifts that have taken place in that period can be found in its class composition. After the dramatic educational improvement and expansion from the 1950s through the mid-1970s brought thousands of first generation working class students to the UPR for the first time, the tendency has reversed since the early 1980s, as a result of declining entrance exam scores combined with higher admission standards and a student population that peaked in the 1980s and has since reverted to mid-1970s levels.

Declining investment in the public education system as a percentage of GDP (a tendency corrected very briefly in the early 1990s, but which has since returned), the policy of limiting UPR enrollment (an elevenfold increase in undergraduate tuition, from \$5 in 1981 to \$55 per credit in 2012, has been a calculated element this policy),^{xciii} a dwindling job market for all but the most specialized business and STEM field graduates, and aggressive recruitment to “real world education” alternatives for working students (often not offered at the UPR) by federally subsidized private institutions with virtually open admissions, are all elements of the neoliberal strategy that have contributed to this outcome. Among those who make the grade, rising costs at the UPR mean less access for the very poorest, and less of an incentive compared to shorter, easier programs at private colleges for those with the means. Rising costs also mean more time spent on wage work to supplement federal aid, or loan indebtedness, for those lacking a family safety net, which has a contradictory effect on mobilization.

Perhaps the most visible and significant impact of academic capitalism, and the neoliberal offensive in general, on the student population, however, is ideological. The student consumer/debtor subject has been deeply internalized by many, so that for example, the possibility that a semester may be cancelled or that MSA accreditation may be lost (threats constantly raised by the administration, which have never materialized), are constantly raised as objections to strikes and other militant tactics even by those who nominally reject administration actions and support the student movement in an abstract sense. Recognizing these shifts as ideological by no means implies failing to realize the very real and contradictory material pressures that the neoliberal economy places on students, and perhaps most strongly on working students. It merely insists that these pressures are *disciplinary*: ideology acquires material force through them, and the ways in which these are dealt with (individual and narrowly economic, for example, as opposed to collective and political) reflect the ideological environment.

The net result of the mechanisms described, operating at all three levels, is that institutional channels become ineffective, making it increasingly difficult to obtain even modest concessions from administrators more and more homogeneously committed to academic capitalism. The alternative is mobilization and protest, which always presents

risks for the individual, in that it may incur repressive costs, in a polyarchic scenario of low intensity repression where the risk of incurring the highest costs may be “objectively” lower, but individualistic, consumerist neoliberal subjects may be less willing to incur even low costs. In addition, changes in the class composition of the student body has resulted in less sensitivity to issues perceived as economic by the consumer subject (more affluent students are able to pay higher tuition and willing to do so if it is reflected in better “service”), even as the less privileged minority has more reasons (but perhaps fewer means) to identify and protest along class lines.

ⁱ This quote is from a report drafted by a Committee named by Governor Luis Fortuño immediately *after* the end of the second phase of the 2010-2011 student strike, in April of 2011, and published in December of that year, barely a month before the change of administration. Members included former UPR President (under the PPD) Manuel Saldaña, and the recently resigned former President of the Board of Trustees, Ygrí Rivera, notoriously intransigent in the handling of negotiations with the students during the strike. UPR President Miguel Muñoz (named by Fortuño after the resignation of José Ramón de la Torre in February) and the presidents of the five major private universities were invited to present their opinions and proposals, but no one representing students, faculty, or employees (see CAGFES 2011).

ⁱⁱ Sklair describes four internal fractions of the TCC: TNC executives (corporate fraction), globalizing bureaucrats and politicians (state fraction), globalizing professionals (technical fraction), and globalizing merchants and media (consumerist fraction), each with its own economic base, political organizations, and distinctive ideology - although all generally promote a “culture-ideology” of consumerism (2001: 296). Robinson takes a more traditionally Marxist approach by limiting the TCC to corporate executives as the group with power over production, and the others as part of a “transnational elite” that represents the interests of the TCC (2004: 47). For the purposes of this work, I accept Robinson’s approach, with the caveat that “production” can’t be dissociated from the other moments of the cycle (circulation and distribution), particularly under conditions of financialization, in which as Lazzarato reminds us, rent and profit are inseparable. In this sense, as Sklair points out, executives of transnational commercial and media corporations are very much a part of the TCC, and even of its “corporate fraction,” if the distinction is made (1997: 530). “Professional” firms that generate high revenues from corporate services, such as corporate law firms and diverse management and consulting firms, can be as well, if their operations and clients aren’t concentrated in one location.

ⁱⁱⁱ Institutional investors “pool” money from small investors into portfolios used to buy and sell bonds and other tradable securities researched and recommended by brokerage firms, who arrange and execute the transaction.

^{iv} See Alessi (2012; <http://www.cfr.org/financial-crises/credit-rating-controversy/p22328>) and (Hill 2002: 1145; Conn L. Rev. 35).

^v Both depositors (investors) and public and private borrowers turned away from costlier traditional financial intermediators (banks) towards the mutual funds and other securities, following the financial deregulation of the 1970s; this prompted the former to repackage their products, melting away the distinction between commercial and investment banking, as well as the legal barriers between them (Sinclair 1994: 449-450; Krippner 2011). In the U.S., the last remaining barrier fell with the 1999 repeal of the Glass-Steagall Act of 1933, after being stripped away by successive administrative, judicial, and legal amendments.

^{vi} Biglasier and DeRouen, for example, argue on the basis of their empirical findings that sovereign states may have greater policy leeway than imagined.

^{vii} This is not a simple process. Clearly, some local capitalists or fractions thereof may feel threatened by transnationalization and other elements of the TCC neoliberal project and even try to resist it. These groups, however, can be defeated and/or disciplined. Weak local elites may find that their interests are better served by accommodation than resistance; indeed, that their structural power is better suited to it.

^{viii} This view is not incompatible with that of Marxist theorists of the state, such as Antonio Gramsci (1971) and Louis Althusser ([1995] 2014), who did not distinguish between its “private” and “public” apparatuses. For Althusser and Gramsci, “the state” was the complex of social forces through which a dominant class secures and reproduces its class power, which includes both the formal institutions of the territorial nation state recognized by most mainstream political science, *as well as* many “private” ones that fulfill similar roles, explicitly or not. This definition acquires renewed relevance with the transnationalization of power and authority, and emergence of numerous “private” regulatory regimes for transnational capital (addressed in this Chapter) under neoliberalism.

^{ix} Following William I. Robinson (who borrows it from Dahl), I use the term in distinction to democracy: “...the polyarchic definition of democracy is equated with the stability of the capitalist social order. By definitional fiat, power is exercised in the general welfare and any attempt to change the social order is a pathological challenge to democracy... Therefore, the notion that there may be a veritable contradiction in terms between elite or class rule, on the one hand, and democracy, does not enter... into the polyarchic definition. In contrast, I am arguing that polyarchy as a distinct form of elite rule performs the function of legitimating existing inequalities, and does so more effectively than authoritarianism” (1996: 51).

^x The Constitution of Puerto Rico holds that “When the resources available for an economic year are insufficient to cover the approved allocations for that year, the payment of interests and principal of the public debt will proceed first of all, and then the remaining disbursements shall be made according to the priorities established by law” (Art. VI, Sec. 8.; my trans.).

^{xi} Pub. L. 64-368, 39 Stat. 951, Sec. 5.

^{xii} Thanks in part to a steady injection of federal income-supplementing aid after 1976 (Colón Reyes).

^{xiii} This number that rises dramatically if we factor in Puerto Rico's workforce participation rate of merely 41%, one of the lowest in the world (Malavé 2011).

^{xiv} Sugar interests ruled supreme in Puerto Rico until the 1940s. From the 1940s to the 1960s, light industries, mainly apparel, were predominant among U.S. firms, followed by petrochemical and electronics until 1976 (see for example, Dietz 2003; Curet Cuevas 2003; Pantojas-García 1990; Baver 1993; Dietz 1986; Weiskoff 1985). Today, as a result of the strategy pursued from 1976 to 2006 (discussed below), nine of the top 20 “U.S.” publicly traded firms operating in Puerto Rico (by employment) are pharmaceutical and/or medical implement manufacturers (Johnson & Johnson, Medtronic, Amgen, Baxter Intl., Pfizer, Eli Lilly & Co., Merck & Co., St. Jude Medical, Abbot Labs. Inc.), all but the first three displaced from the top 10 by retail and food service companies (Walmart, Sears, Walgreens, McDonald's, Yum! Brands [KFC, Pizza Hut, Taco Bell]) (see Casiano 2014: 69). This is also due in part to the fact that the pharmaceutical and high-tech industries are capital-, rather than labor-intensive: despite decline, the manufacturing sector accounted for 46.5% of GDP in 2014, while trade and services together accounted for 20.3%; whereas in terms of employment, the latter sectors represented 57.4% of the total labor force, while manufacturing employed only 8.6% (see GDB 2014). In 2013, altogether “foreign” corporations in Puerto Rico (mostly U.S.-originated TNCs) generated \$33.6 billion (the difference between GDP and GNP), nearly a third of total GDP (*Ibid.*).

^{xv} Commercial banking was “the great beneficiary,” in the 1980s, of the measures taken to compensate for the stunted growth (Pantojas-García 1990: 161) that resulted from the liberalized development strategy of the previous period.

^{xvi} The transnational Swiss based giant UBS is by far the largest securities brokerage firm in Puerto Rico, managing a portfolio of \$12.6 billion as of 2013. Merrill Lynch, fourth with \$3.9 billion, is the oldest, established in Puerto Rico since 1941 (Paine Webber, acquired by UBS in 2000, arrived in 1965) (Casiano 2014: 87). Popular and Oriental Securities, at numbers 3 and 5, with \$4 and \$2.4 billion, respectively, were founded in the 1990s (*Ibid.*), when the barriers between commercial and investment banking were rapidly eroding. UBS is now facing a slew of lawsuits for investor fraud, after stacking its portfolio with high risk Puerto Rico government bonds it had underwritten since 2008 (which devalued by as much as 60% in 2013) and aggressively pushing them on local investors (see Reuters 2015; SLCG 2014; SLCG 2015). Among those affected early on were beneficiaries of the public employees' Retirement Systems Administration (one of the bond issuers), whose pension funds became privately managed investment funds in 2000 (see Serrano 2013).

^{xvii} Four of the top ten “locally-owned” firms in Puerto Rico (by revenue) are private hospitals or HMOs (Casiano 2014: 47). Six of them (five hospitals and Triple-S Management, which in addition to its private plans

manages the federally funded state Medicaid program) are also among the top 24 private sector employers (*Ibid.*: 74).

^{xviii} GFR Media currently owns three of five daily newspapers in Puerto Rico: *El Nuevo Día*, *Primera Hora*, and *Índice* (Casiano 2014: 92).

^{xix} Fund managers involved in the UBS transactions discussed in fn. [34], above, include high executives from Triple-S Management and *El Nuevo Día* (owned by GFR Media) (see Serrano 2013).

^{xx} In this capacity, the GDB would both lend money to Puerto Rico's government and public entities (by purchasing bonds) and issue bonds on behalf of the central government to borrow money for public improvements. Law 252 of May 13, 1942 (created the GDB); Law 272 of May 15, 1945 (authorized the GDB to act as fiscal agent and financial advisor); Law 17 of September 23, 1948 (established current GDB Charter). The GDB's very first financial transaction was a purchase of bonds issued by the public Water and Power Authority in 1943; its first issue of central government bonds took place in 1948 (http://www.gdb-pur.com/about-gdb/history_02.html).

^{xxi} Sees also http://www.gdb-pur.com/about-gdb/history_02.html.

^{xxii} "When the resources available for an economic year are insufficient to cover the approved allocations for that year, the payment of interests and principal of the public debt will proceed first of all, and then the remaining disbursements shall be made according to the priorities established by law," (Art. VI, Sect. 8; my trans.).

^{xxiii} See http://www.gdb-pur.com/investors_resources/documents/Mar2015-SPHistoricalRatings-Eng.pdf; http://www.gdb-pur.com/investors_resources/documents/Feb2015-MoodysHistoricalRatings-Eng.pdf.

^{xxiv} For the role of neoliberal economists in "emerging markets," see for example Chwieroth 2007. Discuss for PR, and cite.

^{xxv} This observation is based on decades of firsthand knowledge and observation and readily verifiable for anyone wishing to pursue further research on Puerto Rican corporate lawyers.

^{xxvi} McConnell & Valdez (no. 154, \$34 million in 2012 revenue); Fiddler, Gonzalez & Rodriguez (201, \$24.7 million); O'Neill & Borges (263, \$17 million); Martínez, Odell & Calabria (303, \$13.8 million); Ferriauoli (347, \$10.5 million); Goldman, Antonetti & Cordova (357, \$10 million); Adsuar, Muñoz, Goyco, Seda & Pérez (358, \$10 million).

^{xxvii} Prior to that, it was a classical colony directly governed by the U.S. President, who named the Governor and legislative upper house, and the Department of the Interior.

^{xxviii} Before 1952, parties vying for the elected lower house of the local legislature were articulated largely along class lines. The "status issue" was discussed but the "options" were not clearly defined. After 1952, the "status issue" has dominated electoral politics, with the three parties that have consistently participated in every election since "representing" each of the status "options". Other, smaller parties have occasionally participated (three have emerged since 2004), but have either failed to receive a significant portion of the vote, or to survive more than one election.

^{xxix} Paradoxically, it was during the Keynesian compromise, when the public goods regime was at its apex, that the first "partnerships" between not-for-profit universities, private capital, and the state began to develop in the United States, with military contractors participating in the building of nuclear reactors. Much of the research was classified, which according to Slaughter and Rhoads fueled an unfavorable climate for academic freedom ([2004] 2010: loc. 645). The authors make it clear that the academic capitalist, public goods, and military-industrial research regimes, among others, can and do coexist uneasily and often overlap (*Ibid.*: locs. 662, 858; see also Slaughter and Rhoads 1996).

^{xxx} The United States, United Kingdom, Canada, and Australia.

^{xxxi} In the U.S., "[p]art-time teachers increased from 22 percent of the labor force in 1970 to approximately 50 percent in 1997" (Slaughter and Rhoads [2004] 2010: loc. 436, citing Benjamin 2002).

^{xxxii} "Resource dependence is one form of discipline, but, as Foucault points out, there are others. Academic capitalism disciplines through economic incentives or the promise of economic incentives. It pulls some professors out of the orbit of the associations of learned disciplines and closer to the private economic sector, where they function as somewhat atomized scientific/entrepreneurial actors with highly specialized, commodifiable expertise," (Slaughter and Rhoads [2004] 2010: loc. 1368).

^{xxxiii} Mathies and Slaughter base their findings on a data set composed of the trustees of 26 private U.S. Association of American Universities (AAU) universities in 1997 and 2005, and the corporations that they directed or on whose board of directors they sat. Public universities were excluded from the sample because “traditionally, trusteeships are given to persons who contribute heavily to the governor’s campaign funds and are members of the governor’s political party. Therefore . . . [they] are often selected for their contributions and loyalty to the governor and his or her political party rather than for their business acumen” (2013: 1287. This, however, does not mean that they are exempt from the trend: “In 2001 . . . public universities [within the AAU] were tied to 113 (13 percent) of the 866 corporations in the network created by trustee interlocks. Private universities . . . were tied to 789 (91%) of the network” (*Ibid.*). The authors conclude: “Whether private or public, . . . AAU research universities have trustees who operate with relative autonomy [in relation to the formal state]. Private universities have greater autonomy than public . . . but public research university trustees or regents often serve as a buffer between institution and state and have the power to establish arms-length organizations, such as foundations, that can operate in a manner similar to private research universities, which technically, are also foundations . . . The theory of academic capitalism suggests that trustees are likely to use their positions to further corporate as well as university interests, developing strategies that create infrastructure for corporate research interests, largely using public funds” (*Ibid.*: 1296-1297).

^{xxxiv} The Committee on Economic Development, a U.S. “business-led” public policy organization that helped build the institutional architecture of the postwar international financial order (<https://www.ced.org/about/history>), led the charge, together with privately funded research and policy foundations such as the Carnegie Commission (funded by Andrew Carnegie's philanthropic organization, the Carnegie Corporation; see Douglass 2005, <http://www.cshe.berkeley.edu/sites/default/files/shared/publications/docs/ROP.Douglass.Carnegie.14.05.pdf>). Worried that elite private sector universities were losing students to the public sector in the early 1970s (Slaughter and Rhoads [2004] 2010: loc. 878, citing Domhoff 1967), these organizations pushed for federal aid to be placed in the hands of students rather than institutions (which benefited the higher costing private colleges, because more of the money would be spent on tuition). They also pushed for increasing the tuition of public institutions (so that students would pay up to one half of their cost of attendance) so that the private sector would remain competitive, also reducing the cost to the state, in the interest of taxpaying businesses (*Ibid.*: loc. 887). Ironically, as Slaughter and Rhoads point out, “the market value of private higher education could only be realized through public subsidy” (*Ibid.*: loc. 884).

^{xxxv} “While middle- and upper-middle-class students became preferred customers, lower-middle-class students and working adults entered two-year colleges, four-year college programs with substantial distance education components, and for-profit institutions of higher education. Given that many do not complete two-year college programs, they learn a modicum of skills through just-in-time education that channels them into entry-level jobs in the new economy. Working adults in four-year programs often receive college degrees for what amounts to retraining or professional development, allowing them to upgrade skills to better serve the needs of the new economy corporations where they are employed” (Slaughter and Rhoads [2004] 2010: loc. 964; see also loc. 957). Legislation such as the Middle Income Assistance Act of 1978 and the Tax Relief Act of 1997 also gives preference to relatively well-to-do students, allowing “high-achieving students from middle- and upper-middle-class families to use nonpayment of tax to pay for shares of tuition at costly institutions” (*Ibid.*: loc. 514; see also loc. 897; Bowles and Gintis [1976] 2011: 209).

^{xxxvi} “Most of the absolute growth in aid totals has come from the growth of the dollar volume of federal loans. The figure reveals that student financial aid in the United States is increasingly composed of federally supported loan aid. That aid moved from around 20% of all aid in 1963–64 to a low of 17% in 1975–76, then rose to a high of 55% in 1994–95,” (Hearn 1998, p. 51, cited in Slaughter and Rhoads [2004] 2010: loc. 894). “In 2000–2001, loans accounted for 58 percent of total aid (College Board 2001),” (*Ibid.*).

^{xxxvii} “Despite the market rhetoric, these students are more than consumers. They are also ‘inputs’ and ‘outputs.’ High-quality students (high scorers on standardized tests) strengthen the market positions of the colleges or universities that enroll them (Rothschild and White 1995). The higher the scores of incoming students, the higher the prestige of the institution. Greater prestige attracts more applicants. The greater the number of applicants, the more the institution is able to turn down and thus the greater the exclusivity and

prestige of the institution. These same students are also 'outputs' or products; the success of graduates signals the success of the school. The multiple functions of students (consumers, inputs, outputs, or products) fashions a virtual circle of competition in which students and institutions in the same (elite) market segments compete ever more vigorously with and for each other, contributing to the instantiation of an academic capitalism knowledge/learning regime" (Slaughter and Rhoads [2004] 2010: loc. 927).

^{xxxviii} "While universities were not primary players in creating the neoliberal state, they often endorsed initiatives, directly or indirectly. For example, university managers lobbied for Bayh-Dole (1980), a law that allowed universities to own and profit from federally funded research performed by faculty. Student loans offer another example. Although university managers always ask Congress for greater amounts of student aid, when it has not been forthcoming as grants, they have endorsed expanded student loan programs, which has hastened and strengthened the redefinition of students as consumers rather than learners" (Slaughter and Rhoads [2004] 2010: 479; see also locs. 520, 863).

^{xxxix} The "Insular Normal School," founded three years before by an act of the colonial legislature (only the lower house was elected at the time) in the eastern coastal municipality of Fajardo, was moved in 1902 to rural land just outside Río Piedras, and was absorbed by the UPR when the latter was created by law the following year. In 1908, the UPR became a "land grant college" when the federal Morrill Act of 1862, which granted federal land to states to be sold or utilized for the establishment of colleges of agriculture, science, and engineering, was extended to Puerto Rico (all land belonging to the Spanish Crown -all land not privately claimed- was taken over by the U.S. government after the occupation). In 1911, the UPR's second campus, specializing in agriculture and the "mechanical arts" was established in the western municipality of Mayagüez.

http://www.upr.edu/?type=page&id=la_upr_historia&ancla=historia. All laws relating to the UPR can be accessed online at <http://www.tuconsejo.org/leyes-de-la-universidad-de-puerto-rico-1903---2013.html>.

^{xl} As I discuss in Chapter 4, like most Latin American universities, each UPR campus is divided into *facultades* ("colleges") that house graduate and undergraduate students from related academic disciplines within the same building or complex. Each school is further subdivided into departments, following the U.S. model. The College of Education, originally known as the Normal Department (later the Normal College), is particular in that it is not subdivided by academic departments.

^{xli} Local elites had sought to obtain a university from the Spanish Crown since at least 1770, to no avail despite the fact that neighboring Spanish former colonies, such as Santo Domingo, had one since the sixteenth century (Osuna [1949] 1972: 18). In addition, at the time of the U.S. invasion, there was only one public and several private high schools (geared towards preparing the children of the elite for higher education elsewhere), about 628 public elementary schools chaotically administered by the municipalities in addition to 26 private schools (*Ibid.*: 98), and two normal schools (segregated by gender) that were "practically secondary schools" (*Ibid.*: 600). Whether this was the result of neglect or incapacity of the decaying Spanish Empire is a matter of debate. According to education historian and longtime UPR College of Education Dean Juan José Osuna, "Puerto Rico was as well off as Spain educationally. The Institute [of Secondary Education] was as good as the best in Spain and as good as could be expected in a Spanish colony" (*Ibid.*: 122).

^{xlii} For example, the Bankhead-Jones Act of 1935 provided additional funding to land grant colleges for research and infrastructure, allowing the main buildings of the UPR Río Piedras quadrangle, including the clock tower, to be constructed between 1936 and 1939.

(http://www.upr.edu/?type=page&id=la_upr_historia&ancla=historia).

^{xliii} Tugwell, a member of FDR's original "brain trust", was a Keynesian economist and former Director of the New York City Planning Commission, who had fallen out of favor in Washington as the reform climate cooled and the backlash to the New Deal began to brew. Viewed with great suspicion by the island's business elite, Tugwell was "eased" (in fact, his term was a turbulent one) into the colonial political scene as UPR Chancellor. He would be Puerto Rico's last non-Puerto Rican chief executive (Osuna [1949] 1975: 552). Discuss and cite.

^{xliv} Discuss. Note that while there is a strong emphasis in the social role of education as "equalizer" and the responsibility of the state to provide for it within its resources, which is squarely within the "public goods" view of education, this discourse is not incompatible with meritocratic ideology. Education as a vehicle for social mobility implies that anything can be achieved as long as adequate instruction is provided, placing

primary responsibility for “success” or “failure” on the individual, and thus obscuring the class character of capitalist society.

^{xlv} In addition, the College of General Studies (a two-year “core curriculum” type program required for all undergraduates which allows undecided students to remain in it past their second year; it exists as a separate college to this day), increasing the five traditional Colleges at Río Piedras from five to eight. By 1945, the College of Agriculture and Mechanical Arts at Mayagüez had also been subdivided into the “schools” of Agriculture, Engineering, and Science, and several research centers and professional schools had been created or were in the process of being created. The School of Tropical Medicine in San Juan, created in 1926, became the School of Medicine in 1949. (Osuna [1949] 1975: 557, 566).

^{xlvi} Frank H. Bowles, a Director of Admissions at Columbia University who inspected the UPR on behalf of the MSA in 1937 and 1946, expressed the following in his 1946 recommendation of accreditation: “[The UPR] has doubled in size, added new faculty, gained greatly increased support from the Legislature and thereby from tax funds, and raised its standards to the point where it is now a respectable educational institution . . . It is planning for the future, not merely in terms of expansion, but *in terms of meeting social needs*” (Osuna [1949] 1975: 585; my trans.; my italics). Bowles would go on to become Executive Director and later President of the College Entrance Examination Board, and is credited for the idea of creating a “Spanish SAT,” first administered in Puerto Rico, as the entrance exam for the UPR and three private institutions, in 1964 (see Maldonado-Rivera 2008).

^{xlvii} Humacao, 1963; Cayey and Arecibo, 1967; Ponce, 1970; Bayamón, 1971; Aguadilla, 1972; Carolina, 1974; and Utuado, 1979 (Irizarry 2004: 50). The segmentation today is as follows: graduate and research programs are concentrated at the three campuses (Río Piedras, Mayagüez, and Medical Sciences); four year programs in arts and sciences are offered mainly at the first two, plus Cayey and Humacao; the other five primarily offer associate degrees and bachelor’s degrees in business and technology related fields (Rodríguez Fraticelli 2004: 178). The “autonomous” (Cayey, Humacao, Mayagüez) and regional colleges were all reclassified as campuses in the 1990s.

^{xlviii} Law 1 of January 20, 1966.

^{xlix} Starting in fiscal year 1968, the UPR received 7.8 percent of the average of the previous two years of the General Fund, an amount that was increased annually by 0.45 percent until it reached 9 percent in 1971, the maximum set by the Law (Law 2 of January 20, 1966; see also Rodríguez Fraticelli 2004: 177). Additional sources of income for the UPR are tuition and fees, “other funds generated internally,” funds generated by the Educational Fund and the Lottery/Gambling Law of 1974, supplementary legislative allocations, and federal funds, especially for research and student aid (Rodríguez Fraticelli 2004: fn. 10). The previous formula, established in the 1942 law, “consisted of a permanent fund of twenty one hundredths of one percent of all the taxes on real estate and personal property subject to taxation, and three percent of all income produced by taxes on alcohol. Similarly, the legislature created a “University of Puerto Rico Permanent Fund” (Law 135 of May 4, 1942, cited in *Ibid.*, fn. 4; see also Vélez Cardona 2002: 79-81).

^l Law 3 of January 20, 1966.

^{li} See also <http://www.enciclopediapr.org/esp/article.cfm?ref=10020501>.

^{lii} Incorporating elements of traditional Latin American elite cultural notions (see Flores 1993: 39-40), this view posited Puerto Rican culture as an integral part of “Western” civilization, of which the U.S. was a more “technically” (but not “spiritually”) advanced manifestation. In this sense, Puerto Rico could serve as a “bridge” for (both cultural and commercial) exchange and understanding between the Americas (see for example Muñoz Marín [1954] 1997). In the geopolitical context of the Cold War, this ideology was concretely realized in the Puerto Rican leadership over U.S. President Kennedy’s Alliance for Progress (coordinated by Puerto Rican businessman-cum-planner Teodoro Moscoso, main architect of Operation Bootstrap). A strong example of this ideology at work in the post-1942 reform of the UPR curriculum is the creation of the much lauded graduate program in Hispanic Studies (Irizarry 2004: 48-49), today facing the threat of elimination as a result of austerity policies.

^{liii} Recently released and returned to the island after a decade in federal prison, Nationalist Party President Pedro Albizu Campos, whose denunciation of Chardón as a “traitor” and “lackey” set in motion the events surrounding the Río Piedras Massacre of 1935, was once again at the center of the storm. Benítez’s direct

refusal to allow him to speak on campus was one of the detonators of the strike, which I discuss further in Chapter 4.

^{liv} These words closely echo those of the International Institute of Teachers' College in their 1926 Survey advocating increased federal support for education in Puerto Rico, cited earlier in this Chapter.

^{lv} The origins of what later became the ROTC can be traced back to the Morrill Act establishing land grant colleges in 1862, which required that these institutions include military training as part of the curriculum. The UPR is a land grant college since 1908.

^{lvi} Urbanization and industrialization had led to the growth of a large urban underclass as well as new professional and managerial sectors linked to U.S. capital. Ideological aspirations and the material shortcomings of the colonial model made statehood an attractive option for these groups, even as harsh repression of the independence movement took its toll even on the legal, electoral PIP (for example, known *pipiolos*, together with nationalists and communists, were among those rounded up after the 1950 Nationalist Uprising). In 1968, a faction of the old Statehood Republican Party (PER) led by cement tycoon and newspaper mogul Luis A. Ferré broke away to become the PNP, shedding the PER's stigma as the representative of the old sugar oligarchy. At the same time, one-term incumbent governor Roberto Sánchez Vilella ran on a separate ticket, allowing Ferré to take the governor's seat (although not yet control of the legislature) against a divided PPD.

^{lvii} Benítez, who remained a staunch supporter of the ROTC program despite violent confrontations throughout the 1960s, changed his mind about its headquarters' presence on campus after the events of March 11, 1971 (discussed in Chapter 3), having received authorization for withdrawal from U.S. military authorities. The position of President was declared vacant by the CES, following an intense public showdown over the subject between Benítez and the PNP Ferré administration. According to staunchly "pro-American" PNP rhetoric, Benítez was too lenient with radical left-wing students who had been stirring up trouble, and was therefore partly responsible for confrontations that required police intervention, resulting in several deaths and hundreds of injuries. Virtually the same sequence had played out a year earlier, with the dismissal of liberal Río Piedras Chancellor Abraham Díaz González, following the events of March 4, 1970 (discussed in Chapter 3). The pro-ROTC faction of the CES had recently achieved a bare majority (5 out of 9) when the resignation of one of its members allowed Ferré to name a PNP loyalist to the post. On that occasion, Benítez defended the ROTC headquarters remaining on campus (Rodríguez Graciani 1972).

^{lviii} U.S. federal laws applicable to Puerto Rico, since the Foraker Act of 1900, have allowed for residents of Puerto Rico to elect one "resident commissioner" to the U.S. House of Representatives, with a voice but no vote. Residents of Puerto Rico do not elect any other members of the U.S. Congress, or the president of the U.S., although as citizens, Puerto Ricans who emigrate to any of the 50 states can do so once they become legal residents of the state where they reside.

^{lix} Private higher education in Puerto Rico today consists of two single-campus, nonprofit Catholic universities (Sacred Heart and Pontifical); two nonprofit secular multicampus university systems (Interamerican and Ana G. Méndez); and 30 or so small nonprofit and for-profit colleges offering mostly two or four year degrees in services, business, and technology, as well as a handful of specialized graduate professional schools. The first four together constitute roughly 90% of private sector enrollment (Irizarry 2004: 51; CEPR 2013).

^{lx} From \$9.2 million in 1974 to a high of \$304 million in 1986 (Irizarry 2004: 50).

^{lxi} By capping enrollment and imposing relatively high entrance requirements, the UPR steered generally lower-performing low-income public school students towards high-priced private institutions, where they depend on federal grants and loans to make tuition: these students "account for over 80% of the Pell Grant funding in Puerto Rico" (Irizarry 2004: 52).

^{lxii} This is essentially the reverse of the metropolitan U.S. trend during the same period. Discuss and cite Bowles and Gintis; Irizarry.

^{lxiii} Irizarry; Rodríguez Fraticelli. This ratio continues today (discuss and cite UPR and UIPR websites).

^{lxiv} For a more detailed discussion on the declining "quality" of public education in Puerto Rico, see Ladd and Rivera-Batiz 2006: 197-206. Using quantitative indicators to measure "quality" and "performance" in education is unreliable and often arbitrary, as opponents of neoliberal school "reform" have argued extensively (see Knopp; Russom). However, the College Board Test (Puerto Rico's equivalent of the SAT) is a major, quantitative component of admissions criteria at the UPR (and some private colleges). Declining scores

for a particular segment of the population are reflected in lower rates of admission. As Ladd and Rivera-Batiz show, between 1983-84 and 2002-03, there was a 13 point decline in the average “Verbal Aptitude” scores (“Quantitative Aptitude” scores remained the same), and 29, 4, and 2 point declines (respectively) in the Spanish, Math, and English “Achievement” scores of public high school students (201, t. 5.7). The decline in the average scores of private high school students was steeper due to diverse factors, including the increasing exodus from public to private schools by middle income working class families; the opening of new, lower performing private schools; and the fact that graduates from elite private schools are increasingly groomed for U.S. institutions, and don’t bother to take the College Board (*Ibid.*: 202) Nonetheless, private school student scores remained significantly above those of their public school counterparts in all areas (in 2002-03, public school students only scored higher than a 450 in Math, whereas private school students scored barely below a 500 only in Spanish). Public school student scores in Quantitative Aptitude, Math, and English improved slightly in 1994-96, but this is almost certainly a result of reforms in the early 1990s (there is no similar improvement in the scores of private school students), that increased teachers’ salaries (which had dropped to 1960s levels in real terms), as well as educational spending as a share of GNP, which had contracted in the 1980s (Rivera-Batiz and Santiago 1996: 80). The impact of segmentation on the quality of public elementary and secondary education in Puerto Rico was identified as far back as the 1960s (see Sussman 1968; see also Comment by Alan B. Kruger in Ladd and Rivera-Batiz 2006: 240). Private schools in Puerto Rico are financed through tuition fees as well as federal funds disbursed through the Department of Education, despite the fact that the Constitution of Puerto Rico forbids a similar use of local state funds (Ladd and Rivera Batiz 2006).

^{lxv} The UPR student population began to grow at a slower rate after 1983-84, reaching its highest point in 1988-89, with 60,566 students. Enrollment declined sharply the following year and then increased again after changes in the admissions process in 1993-94 (Rodríguez Fraticelli 2004). Two decades later (2012-2013), enrollment in the UPR system stood at about 56,888 students, with an additional 5,591 or so at a handful of specialized art and technology oriented public colleges, bringing the public sector total to 62,579. By comparison, the total student population in the nonprofit private system was 139,528, and in the for-profit institutions was 43,388, bringing the private sector total to 182,916 (CEPR 2013).

^{lxvi} Discuss.

^{lxvii} At the time, only Río Piedras, Mayagüez and Medical Sciences were “campuses” headed by “chancellors,” and Cayey and Humacao were “autonomous colleges” headed by “directors.” The additional six “regional colleges” were centrally administered, and not considered autonomous.

^{lxviii} The proposal focused almost entirely on the need to raise tuition, proposing an increase in the cost per undergraduate credit of 100% (from \$5 to \$10) in 1979-80, 50% (to \$15) in 1981-82, and 33% (to \$20) in 1985-86, and in the cost per graduate credit of 33% (from \$15 to \$20) in 1979-80, 25% (to \$25) in 1981-82, and 20% (to \$30) in 1985-86. It also mentioned “revising” the automatic funding formula in place since 1966, and establishing offices at each campus to search for alternate sources of external funding.

^{lxix} The rate per credit that was finally adopted tripled tuition at both the undergraduate (from \$5 to \$15 - the rate originally proposed for 1981-82 in 1979) and graduate levels (from \$15 to \$45 - 50% higher than originally proposed for 1985-86).

^{lxx} The Ana G. Méndez University System, one of the most assiduous (“nonprofit”) proponents of educational privatization at all levels in Puerto Rico, has also been the most enterprising in seeking a “spatial fix” to its predicament, recently opening three new campuses in the state of Florida (the preferred destination of the most recent wave of Puerto Rican emigration); Dallas, Texas; and the District of Columbia.

^{lxxi} Also on the list were the Department of Health, the Telephone Company (PRTC), the water company, the electric company, PRIDCO, the commercial development company, a state-owned cargo shipping company, the public employees’ workers’ compensation fund, a state owned juice canning company, the Authority of Public Buildings, the state-owned sugar company, the Department of Housing, urban transport, and roadways (highways, bridges, and toll booths) among others (see also, Torres Rivera 1999; Conferencia Sindical). In 1991, the PRTC went up for sale, provoking massive protests, but failed to attract potential buyers. By 1998, however, streamlined through partial privatizations, following the 1996 amendments in the federal Telecommunications Act that opened the market to private competitors, and despite the People’s Strike (discussed in Chapter 3), the PRTC was sold to GTE Corp., among other buyers, including Banco Popular, one

of the most proactive proponents of privatization (Carmona Báez 2004: 254), whose then President (current C.E.O. Richard Carrión) was a member of the CAEG (1989). In addition, between 1991 and the early 2000s, under the watch of both PPD and PNP governments, services had been outsourced in virtually all of the agencies named, while all of the productive non-utility enterprises, all of the public hospitals and most of the clinics, a coal-based power plant, the administration of the public water works, a highway, a newly-built bridge connecting the airport with the financial district, were sold off (Torres Rivera 1999). During this period, labor legislation was significantly liberalized as well, and excise and other corporate taxes were reduced or eliminated (Torres Rivera).

^{lxxii} The rate of increase was 100% (from \$15 to \$30 per credit) for undergraduates over two years (\$20/credit in 1991-1992, \$30 in 1992-1993), and 66% (from \$45 to \$75 per credit) for graduate students over three years (\$55/credit in 1991-1992, \$65 in 1992-1993, and \$75 in 1993-1994) (Ramos Rodríguez, et al. 2008: 159; see also CES Cert. No. 159, 1990-1991).

^{lxxiii} In 1992, the percentage was increased from 9 to 9.33, in order to compensate for the effects of so-called Municipal Reform. These laws “decentralized” many functions of the state to city and town governments meeting certain requirements, and created a separate municipal tax collection organism to fund them, thus reducing the revenue going into the General Fund, and therefore that going to the UPR by \$70 million per year (Rodríguez Fraticelli 2004: 178; Vélez Cardona 2002: 81; Vélez Cardona 2014: 164). The reform was neoliberal in practice, because it opened the door for local governments to privatize or outsource the services entrusted to them. In 1995, the legislature again raised the percentage of the UPR financing formula, to 9.6 percent, but the increase was earmarked exclusively for the Agricultural Experimental Station and the Agricultural Extension programs of the Mayagüez campus (Vélez Cardona 2002: 82). In 1997, the UPR was deprived of an additional \$13 million per year from the tax on crude petroleum, which was diverted towards special funds for the Roads and Transportation Authority and the Metropolitan Bus Authority (Vélez Cardona 2014: 164). No new accommodation of the formula was provided.

^{lxxiv} Law 16 of June 16, 1993 (my trans.).

^{lxxv} The 1952 Constitution bars the use of state funds to finance educational institutions other than public (Commonwealth Constitution; see also [cite case]). Law . . . of 1993 offered vouchers for elementary and secondary students wishing to attend private schools who passed the entrance exam but were unable to afford tuition (see Meléndez 1998: 236-237), and authorized privately administered schools on state property (charter schools) - an element that was not addressed by the Supreme Court.

^{lxxvi} Law 100 of June 25, 1998, provided for the funding of the educational voucher program established in the 1993 reform through the Educational Opportunities Fund. When the Supreme Court declared the voucher program unconstitutional, the legislature redrafted the law to specify that checks (rather than tuition vouchers) would be given to needy and/or talented *public* school students as an “aid” to struggling parents and a “stimulus” to the student. The part concerning higher education remained the same. Law 138 of July 1, 1999 (see also Vélez Cardona 2002: 103).

^{lxxvii} Cite (Vélez Cardona 2002: 101).

^{lxxviii} The PPD administration of Sila M. Calderón, elected in 2000, restored to the UPR the \$15 million corresponding to the lottery and gambling laws, and assigned an additional \$25 million through executive order.

^{lxxix} The shift from the public goods to the academic capitalist regime is reflected in the discourse of institutional and political elites from both dominant parties. For example, a CES report from late in Roselló’s last term urged the “diversification of financing sources,” identifying among the “ways to complement state financing”: “1) the increase in tuition rights and academic fees . . . ; 2) [federal] grants and loans conditioned by the means of life of the beneficiary; 3) the promotion of entrepreneurial activities on the part of faculty and the institution . . . ; and 4) the promotion of philanthropy,” (2000: 26). Shortly thereafter another study, by a Commission of the now PPD-controlled Senate, though critical of the Board of Trustees’ interference with institutional affairs during the previous administration and of “technocracy subordinated to the market,” insisted on the need to transform the UPR into a more “flexible” institution focused on science and technology, and adapted to “the knowledge society” (Comisión 2001: 163-200).

^{lxxx} All UPR Board of Trustees certifications are available online (in Spanish) at: <http://www.vcertifica.upr.edu/certificaciones/External/Certificaciones.aspx>.

^{lxxxix} As a result of this new strategic priority, the U.S. Patents and Trademarks Office granted 18 new patents to the UPR between 2003 and 2008, bringing the total to 27 (CAFI, cited in Vélez Cardona 2008: 20). In 2008, the UPR had an additional 14 patents pending approval, and was evaluating two invention reports (CAFI, cited in Vélez Cardona 2008: 20).

^{lxxxix} Puerto Rico's total public debt grew from \$2.5 billion in 1972, to \$5.3 billion in 1975, \$12.6 billion in 1990, \$15.3 billion in 1994, \$24.2 billion in 2000, and \$40.3 billion in 2005.

^{lxxxix} Two types of bonds are guaranteed by UPR revenues and property: University System Revenue Bonds, and AFICA Series 2000 Bonds (used to finance the Plaza Universitaria Project). As to the former, according to the GDB, "University System Revenue Bonds are obligations of the University of Puerto Rico *secured primarily by a first lien on tuition fees*, and certain other specifically pledged revenues. Further protection is provided by a debt service reserve equal to maximum annual debt service of the University System Revenue Bonds," (http://www.gdb-pur.com/investors_resources/upr.html; my italics). Bonds issued by the UPR are issued pursuant to a Trust Agreement dated June 1, 1971, as subsequently amended, among the UPR, the U.S. Bank Trust National Association (Trustees), and Banco Popular de Puerto Rico (Co-Trustee), in which the former agrees to "fix, impose, revise from time to time, and collect tuition fees, students fees, and rentals and other charges . . . so that Pledged Revenues . . . will be sufficient to pay principal of and interest on the Bonds (including the 2006 Bonds) . . ." (UPR 2006: 8).

The 2006 Bond Issue Statement reveals that the tuition increase was initially projected for "the beginning of the 2004-2005 academic year," (*Ibid.*: 21), eight months before it was announced in Cert. No. 70 (dated March 31, 2005). In its rating of the 2006 Bonds, Standard & Poor's listed, among the institution's continuing weaknesses, "Tuition fees that while recently increased after nearly a decade are still extremely low," (S&P 2006: 2).

^{lxxxix} The rate of the increase was 33% for both undergraduates (from \$30 to \$40 per credit) and graduate students (from \$75 to \$100). See Cert. No. 70, 2004-05. Officially, the strike ended with an agreement to create a multisector Committee for the Study of Institutional Finance (text available at: <http://puertorico.media.indypgh.org/uploads/2005/05/acuerdo.pdf>). A partial report by that Committee (which included representation of the students, faculty, administrative and maintenance employees, and Presidency) was published on July 1, 2005, concluding that a tuition increase for fiscal year 2005-2006 was unnecessary (CEFI 2005: 21). However, rather than repeal the increase, the Board of Trustees merely approved a payment plan for those who required it (see Cert. 91, 2004-2005).

^{lxxxix} The PNP refused to approve the proposed budget, which foresaw a sales tax of 7%.

^{lxxxix} See Law 117 of July 4, 2006 (creating the IVU); Law 91 of 13 May 2006 (creating the Urgent Interest Fund); Law 291 of December 26, 2006 (creating COFINA).

^{lxxxix} As a result of the debt service guarantee contained in Art. VI, Sec. 8 of the 1952 Constitution, central government debt that can be covered by the yearly budget is referred to as "constitutional" debt, whereas "extraconstitutional debt" is that financial obligation whose yearly cost (interests, principal, and other expenditure) exceeds the capacity of the State's revenue. It is a debt acquired without capacity for repayment, for which extraordinary measures will be required. Calling it extraconstitutional debt implies, to a certain point, disguising its illegality," (FPH, http://www.encyclopediapr.org/esp/print_version.cfm?ref=13021313; my trans.). Extraconstitutional debt generally refers to loans made by the GDB to state agencies as a result of the constitutional priority given to debt service, and is different from the central government's "constitutional" debt, as well as that of the municipalities and the public companies, which is not covered by the Constitution (see Alm 2006: 321; FPH; see also http://www.gdb-pur.com/investors_resources/cofina.html).

^{lxxxix} Although the IVU did not ease the accelerating growth of the public debt or the continued downward slope of the island's credit ratings, it was well received by the CRAs. For example, in its first report after the IVU's approval (downgrading the central government's debt), Standard & Poor's identified as a positive factor the "[g]reater degree of revenue flexibility" as a result of the IVU (http://www.gdb-pur.com/investors_resources/credit_ratings/2007-05-22.SP-RatingDowngradeToBBB-2007.pdf).

^{lxxxix} For an analysis of the report in the context of encroaching academic capitalism at the UPR, see Vélez Cardona (2008).

^{xc} Thus, the cost per undergraduate credit for incoming freshmen, guaranteed for five years, was \$45 in 2007-2008, \$47 in 2008-2009, \$49 in 2009-2010, \$51.00 in 2010-2011, \$53.00 in 2011-2012, and \$55 in 2012-2013. The cost per graduate credit in Arts and Sciences (including Law) for incoming students guaranteed for 150% of the required duration of the degree, during the same fiscal years was \$113, \$117, \$122, \$127, \$132, and \$137, respectively. See Cert. No. 60, 2006-2007, pgs. 12-14;

<http://www.vcertifica.upr.edu/PDF%5CCERTIFICACION%5C2006-2007%5C60%202006-2007.pdf>.

^{xcⁱ} The Official Statement accompanying the October 19, 2006 issue of Tax and Revenue Anticipation Notes in the amount of \$875 million mentions both the IVU sales tax (discussed above) and the “reorganization” plan as part of the government’s “efforts to implement a fiscal reform” (see Statement, pg. 6; http://www.gdb-pur.com/pdfs/public_corp/commonwealth/TRANsSeries2007FinalOS.pdf).

^{xcⁱⁱ} The plan, colloquially known as “Silva Puras’s 100 day plan” after then Chief of Staff Jorge Silva Puras and the amount of time in which he argued it would be implemented, foresaw the reduction of the “size” of the central government by as much as one third. See for example Yanira Hernández Cabiya, “Listo el primer plan de reestructuración” <http://foro.univision.com/t5/Noticias-de-Puerto-Rico/RESTRUCTURACION-DEL-ELA-REDUCIRA-A-UNA-TERCERA/td-p/115549415>.

^{xcⁱⁱⁱ} The increase in graduate tuition for non-medical fields has been nearly tenfold, from \$15 in 1981 to \$137 in 2012. Although the absolute amounts seem low by U.S. standards, by comparison, real GDP per capita only grew by 59%, from \$12,233 to \$19,613 (adjusted in constant 2005 U.S. dollars) during the same period (see <https://research.stlouisfed.org/fred2/series/NYGDPAPKDPRI>).