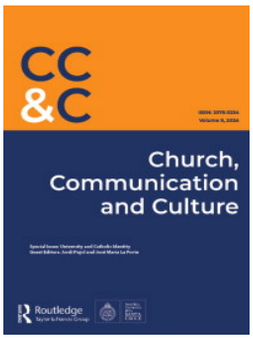

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The business of Catholic universities: The renewal strategy

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ABSTRACT

Catholic universities, like all universities, face a challenge in the form of the rapidly changing higher education industry. This paper offers a framework based on entrepreneurial principles to help Catholic universities think strategically about how to confront these changes. By assessing some aspects of the current moment in which such universities find themselves, this study proposes that the departure of secular academies away from the concept of the university as a center of truth-seeking oriented to the unity of knowledge and the good life, and the corresponding crisis of purpose plaguing the higher education industry offers Catholic institutions a new opportunity to position themselves as a return to the original university paradigm, a model that is suddenly rare. This paper will then consider the specific comparative advantage held by universities possessing a Catholic identity as compared to their non-Catholic counterparts. We will end by considering a few of the many ways in which this advantage can (and should) be reflected in certain aspects of the university, particularly in fundraising and allocating resources.

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> I think one could say that at the most intimate level, the true origin of the university lies in the thirst for knowledge that is proper to man. The human being wants to know what everything around him is. He wants truth. In this perspective, one can see Socratic questioning as the impulse that gave birth to the western university.
>
> –Benedict XVI

1. Introduction

What can Catholic universities learn from a business mindset about how to navigate the crisis in higher education? Among other things, I will suggest that they use the concept of 'mission drift' to strategically redefine their value proposition as the original, intellectual purpose of the university to seek knowledge of the truth as its

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primary *raison d'etre*. Some Catholic universities already execute this aim admirably, but many institutions are susceptible to industry trends that ultimately lead them to direct resources *away from* the university's intellectual purpose. With a renewed positioning centered on intellectual excellence, Catholic universities can *differentiate* themselves in the marketplace of higher education at a time when the very value of a university education is being rightfully questioned. To make good on the value proposition, Catholic universities should adopt a *decentralized* operating model, which follows the same logic of value generation in market economies by relying on the freedom and autonomy of individual 'market actors' (or, in this case, scholars producing quality research) to maximize the efficient allocation of resources.

The original mission of universities centered first and foremost around an *intellectual* aim of seeking knowledge of the truth (Bender 1988), as opposed to a predominantly *social* goal (i.e., ending poverty or advocating for democracy, for example). Of course, these latter objectives—noble ones, to be sure—could be adopted as secondary aims of a university, but only insofar as they flow out of the primary purpose of providing an environment for seeking knowledge of the truth, which requires an atmosphere of *inquiry* (as opposed to *advocacy*). The main point, however, is that leading with the intellectual aim is—*and will always be*—a better value proposition for universities to offer stakeholders, even when the stakeholders fail to grasp the value. Catholic universities would do well to differentiate themselves in the market by focusing the educational offering around intellectual virtues, drawing from the rich heritage of the Catholic tradition as its competitive advantage. To double down on the intellectual purpose of the university is to reinforce the timeless value the university was originally designed to provide. Indeed, if a 'secular' university were to achieve a more excellent pursuit of the truth in some specific area of knowledge when compared to its Catholic counterpart, we would have to admit that such a university operates *more* like a university with a Catholic identity, at least with regards to the discipline in question, than a Catholic university that lacks excellence in the pursuit of truth. As Augustine said, just as 'what is not Catholic can be found [in the Catholic Church,] so too outside the Catholic Church, there may be something Catholic'. (Augustine 400, 39, 77) Relatedly, Newman's vision of a Catholic university was one in which its Catholic nature serves to unify the different aspects of truth into a unified whole, which is why he claimed it was important to include every legitimate form of understanding that truth (1852).

Although it falls beyond the scope of this paper, a practical investigation or case study of institutions with a significant track record of faithfulness to their founding missions would be a worthwhile way to evaluate its practical effectiveness.

2. An industry in crisis: the purpose of higher education

In recent years, a variety of voices in public discourse have been questioning the value of higher education, let alone a Catholic university education. Starting in 2008, William Deresiewicz (Deresiewicz 2008), author of the influential social critique *Excellent Sheep*, has repeatedly criticized the 'miseducation' of 'elite colleges' that

engender alienation in its graduates by reinforcing a false perception of superiority and entitlement in the wealthy. Similarly, Harvard's Michael Sandel has characterized higher education as one element in a larger social system that fuels inequality under the guise of fairness, or so-called meritocracy (Sandel 2020). In *The End of College: Creating the Future of Learning and the University of Everywhere*, Kevin Carey (Carey 2016) presents a world in which universities are no longer needed due to advances in artificial intelligence that 'solve the basic problem that has bedeviled universities since they were first invented over a millennium ago: how to provide a personalized, individual education to large numbers of people at a reasonable price' (2015, 5). We could add to these examples the many authors who bemoan cancel culture, safetyism, scholarly homogeny and the lack of thought diversity, among other woes of college campuses (Haidt & Lukianoff, 2019; Mac Donald 2018).

These critiques correctly identify an unfortunate development in the history of the university as an institution. Obtaining a degree at an elite school is suddenly of questionable worth when everything from widespread illnesses to violent student protests can undermine the promised educational experience, which is quickly substituted for a virtual version that could be obtained elsewhere without paying many thousands of dollars. Aside from the fact that a fair number of highly successful people in history were completely self-taught, this development calls into question the very purpose of a university education.[1] The irony of the current discontent with higher education is that the original reason universities were created had nothing to do with offering 'a personalized, individual education to large numbers of people at a reasonable price'. Contrary to what Carey and many others (with the exception of Deresiewicz) seem to imply, the first universities served a very different purpose than the job-landing and prestige-signaling one served by today's academic institutions.

Though many modern universities have largely left behind their originally Christian inspiration, most scholars would agree that universities were 'invented' thanks in part to the Christian tradition and the patrimony of the Church (Riché 1978, Pope Benedict XVI 2008). From the beginning, universities were instituted as centers of truth-seeking and learning, embodied in a 'community of teachers and scholars' (*universitas magistrorum et scholarium*) dedicated to the contemplation of the truth *in all its dimensions*, aiming—insofar as the human intellect is capable of it—at a *universal* understanding of reality (de Ridder-Symoens 1992). Together with philosophy and theology, the gradual development of the different natural sciences—first from the work of ancient philosophers and later from medieval and renaissance scholars, many of whom were motivated by religious convictions and the desire to understand God and creation better (Shapin 1996)—was the natural result of the quest for universal human understanding.

Over time, the gradual development of universities has led many of them to adopt additional aims beyond the intellectual one. The late Rev. Theodore Hesburgh, President of the University of Notre Dame from 1952 to 1987, was of the opinion that Catholic universities should not try to follow the university model of the past

but rather accept the changed concept of the university, advancing the following view:

> One must remember that the church did not create the modern university world as it had helped to create the medieval university world. Moreover, the church does not have to be present in the modern world of the university, but if it is to enter, the reality and the terms must be observed. The terms may be complicated and unlike those operative within the church itself. The reality of the university world may make the church uneasy at times; nevertheless, all university people throughout the world recognize this reality and its terms as essential to anything that wishes to merit the name of *university* in the modern context. One may add descriptive adjectives to this or that university, calling it public or private, Catholic or Protestant, British or American, but the university must first and foremost be a university, or else the thing that the qualifiers qualify is something, but not a university. (1994, 4)[2]

Notwithstanding Hesburgh's (and others') view of a university's triple purpose (teaching, research, and social impact), we agree with Newman that the *primary* aim of a university is 'intellectual, not moral'. (1852, 77) Not that universities have no moral purpose: on the contrary, the intellectual aim *is* their moral purpose, just as, for businesses, contributing value to the world through cooperative exchanges *is* their basic moral purpose in a just and humane society; therefore, there is no need for them to 'add' a moral purpose (Otteson 2019), as often happens when companies adopt corporate social responsibility measures that have little to do with their core value proposition.

Indeed, it is easy to see that the intellectual aim of a university has a moral dimension because the search for truth must be done sincerely. For this reason, we speak of intellectual virtues and vices: 'intellectual honesty' versus 'intellectual pride'; the need for 'intellectual humility', and so forth. What is more, offenses against intellectual honesty, such as those showcased by recent revelations of dishonest and fabricated scholarship carried out by faculty of highly prestigious universities (Subbaraman 2023), are grave offenses indeed and serve as cautionary tales for all academia. The crucial point, however, is that the intellectual aim of pursuing truth, when done excellently and virtuously, *does* play an indispensable *moral* role in society. Attempts to solve large, complex, social problems—poverty, hunger, war, epidemics, and the list goes on—without firmly basing them on the truth about reality, only perpetuate and exacerbate those very problems. What is more, societal problems are inherently interdisciplinary, requiring many types of expertise and an ongoing dialogue between people in possession of different areas of knowledge.

Whether or not interdisciplinary dialogue is actually achieved at universities is another matter. Indeed, as one author noted, 'Newman may have been disappointed to see the contemporary university, with its discrete colleges of business, education, engineering, fine arts, law, and the like—and the corresponding lack of communication between each of them' (Lanford 2019). Instead of interaction among the disciplines, modern universities, while still being centers of research and teaching, often operate as highly sophisticated NGOs. To compound matters, the average college student's preference for learning practical skills and obtaining professional credentials affects the university atmosphere: in place of the contemplative pursuit of the transcendentals ('the true, the good and the beautiful'), students are primarily motivated by pragmatic interests, for example the desire to 'build their personal

brand' by adding the institution's name to their resumes, focusing almost exclusively on advancing their professional careers. The main problem here is that, instead of prioritizing the focus on the university's original reason for existence (i.e., pursuing truth and wisdom through research scholarship and teaching) universities mistakenly strive to have direct and measurable social impact, which means diverting resources towards a multitude of social initiatives that otherwise could have gone to the pursuit of truth, in the form of research and teaching.

If the modern university exists in order to prepare people for the workforce, certainly there is a cheaper way to achieve the same outcome. Despite many positive qualities, modern universities mainly succeed at nudging their students toward a lifestyle of prioritizing advancement of one's professional career over all other aspects of life (family, friends, reflection, recreation, etc.) It's as if certain sectors of the economy secretly colluded to hijack higher education to serve their own ends, and no one has rebelled. As a result, the original concept of the university seems almost irresponsible to modern sensibilities, anti-pragmatic to the point of being 'useless'. We admit that a highly secularized society may have a harder time appreciating the value of the kind of university we are advocating for in this paper, which requires an openness to transcendence. Even Deresiewicz, a nonbeliever, admits:

> I find that *only a religious language* has sufficient gravity to do these questions justice. For we are speaking of the most important thing: no less a thing than how to live. We might propose, then, that you should arrive at college as at the beginning of a pilgrimage—a movement toward the truth and toward the self (Deresiewicz 2014, 85).[3]

Fortunately, by possessing the rich heritage of the Catholic intellectual tradition, universities with a Catholic identity are well-positioned in the higher education industry to serve all people in their 'pilgrimage' towards truth.

3. The comparative advantage of Catholic universities[4]

Drawing on their unique identity, Catholic universities can base their value proposition on the assertion that every human being desires to come to know the truth (Catechism of the Catholic Church (CCC) 1963, 2467) and, for this reason, universities exist to serve all people in this specific aspect of their being. Besides offering a time and space for students to learn, the search for truth is also incarnated in the vocation of scholars called to dedicate their lives to the advancement of knowledge, contributing to the common search for truth by adding to the common corpus of knowledge in a specific way by contributing to different fields.[5] Ideally, both of these elements—teaching and scholarship—are present at Catholic universities. Nevertheless, some universities may emphasize the first element more than the second, and we would consider these universities 'teaching' universities, with the opposite as 'research' universities. From the standpoint of financial concerns, it may not always be feasible to have both elements. In this article, however, we are concerned with the ideal of achieving both.

As mentioned earlier, contemplating the truth *in all its dimensions* logically led to the development of *disciplines*, to focus on different aspects of reality. According to Newman's *The Idea of a University*, because the various disciplines share the same

physical space, there arises the possibility of drawing connections between them (1852). Regarding these connections, two principles serve as guides for a Catholic university: the unity of knowledge and the complementarity of faith and reason.[6] As Briel, Goodpaster, and Naughton explain:

> Because the world is a cosmos created by a God of order, there is a coherence to all that exists, and a resulting correspondence between the order of reality and the human enterprise of gaining knowledge. An essential grasp of the whole is necessary for an understanding of its constituent parts. Thus, individual disciplines designed to investigate one facet of that whole need to be pursued within an interdisciplinary context of mutual relations, thereby clarifying both the strengths and limits of each particular field of study. (Briel, Goodpaster, and Naughton 2021, 18–19)

A couple of observations are in order.

The first one is that, when they live up to their name, Catholic universities are uniquely positioned to aid this important and specific step in the process, not only advancing the truth in *all* the disciplines but also proactively fostering and facilitating interaction and conversation *among* the disciplines, which is the only true way to solve complex problems and yet, amazingly, apparently for structural reasons, is not what happens at most universities.[7] Of course, as we already affirmed, the purpose of the university is not to solve the world's problems: all we are saying here is that, when the university achieves excellence in its primary service to society (i.e. advancing the pursuit of truth), it may also—and often does—contribute indirectly in many other ways as well.

The second one is that materially supporting 'all the disciplines' requires not a small number of resources! Of course, not every university will have *all* the disciplines, though it may be argued that those universities that feature more of them are in a better position to grasp and transmit the unity of knowledge (Newman 1852).[8] In an ideal world, all the resources required to gather and sustain *all* the disciplines of human knowledge would simply come together on their own, for the pure motive of truth-seeking. In the real world, however, generous patrons willing to fund endowments supporting specific goods (such as lines of research, professorships, libraries, etc.); students willing to pay full (or partial) tuition fees; government funding; and perhaps additional revenue streams are generally all relied upon to generate the large number of resources required. From this perspective, however, it would follow that university resources at a Catholic university be prioritized toward the primary mission of the search for truth addressed from all fields of knowledge, with priority given to theology and philosophy given their indispensable role to not only coordinate the orientation and direction of the other disciplines, but also to help them better understand their relation to the truth as a whole and consequently to foster greater dialogue with the world (Vatican Council II 1965). Indeed, given the current state of public opinion, the only way Catholic universities can fulfill their mission is to find ways to foster a love for philosophy and theology in students, ensuring that there will be scholars to carry out this crucial role in the future. In any case, an important task for administrators, once the mission is clarified, is to examine whether university expenditures reflect the primary aim of the university.

As we noted earlier, because materially supporting all the disciplines is already an expensive endeavor, adding additional items to the budget that mainly correspond to secondary aims becomes a managerial and strategic issue as well. In this sense, we would agree with the assessment offered by Briel, Goodpaster, and Naughton who affirm:

> [A] specific concern for Catholic universities today comes to this: the Catholic university that sees its principal purpose in terms of the active life, of career, and of changing the world, undermines the contemplative and more deep-rooted purpose of the university. If a university adopts the language of technical and social change as its main and exclusive purpose, it will weaken the deeper roots of the university's liberal arts and Catholic mission. The language of the activist, of changing the world through social justice, equality and inclusion, or of the technician through market-oriented incentives, plays an important role in university life. We need to change the world for the better and universities play an important role, but both the activist and technician will be co-opted by our age of hyperactivity and technocratic organizations if there is not first a contemplative outlook on the world that receives reality rather than constructs it (2021, 11).[9]

When universities assume *the entire process* of solving social issues, as opposed to just the part of it that corresponds to them—namely, the intellectual purpose of deepening human understanding of reality—it often leads them to fail at precisely the specific contribution they alone could provide. In this way, they cease to be *universities* properly speaking, and start to become charity organizations. Just as businesses need to find a coherent strategy in which all of the elements internally reinforce and harmonize with one another towards a clear value proposition (Porter 1996), so the enterprise of a Catholic university needs a value proposition that is consistent with all its aims. Relatedly, just as an established business can gradually drift away from its 'core business' by trying to accomplish too many additional aims, so too can universities mistakenly invert the priority of its goals by giving more primacy to the desire for social impact than to the pursuit of truth. Apart from the ambiguity of purpose, there is also the question of financially supporting social initiatives in addition to research and teaching: although the concept of a university has 'changed' to include more elements, players in the higher education industry are struggling to stay in business (Lapovsky 2013). For this reason, we need to be very clear about the university's mission, as well as the hierarchy of priority. As regards social impact, the best universities achieve this end in an indirect and long-term way through the creative initiatives freely carried out by their graduates over time.

An important consequence of taking as primary the intellectual purpose of the university is the non-partisan position of the university as an institution. In order to pursue the search for truth, scholars require basic freedom of thought and autonomy which, as Benedict XVI affirmed in the speech he intended to give at La Sapienza in 2008, 'has always been part of the nature of universities, which must be tied exclusively to the authority of the truth'. Ideally, at the same Catholic institution, scholars with different and even contradictory positions (as long as none of them directly contradict Church teachings) coexist in the same space. This means that the university cannot 'stand' for a specific political position, because such a stance would prematurely hinder the search for truth. From one perspective, one can see how

institutional neutrality may affect the university's ability to raise funds, since advocating for specific ideas is often precisely what donors are hoping to gain in return for their contributions. For this reason, it is imperative for the university to find donors who understand and appreciate the true purpose of a university, not as a tool to advance certain, specific social causes, but as an entity whose main service to society lies in the search for truth. The challenge—for businesses as well as universities—is to discern their primary value to society, and to be laser focused on that purpose, paying little heed to approval or disapproval.

While it may feel wrong at times to think of the university as a *business*, the fact is that higher education also obeys market logic in most countries today. Insofar as this allows universities to enjoy all the benefits that come from markets, we see this situation as a net positive. Of course, it means that universities do compete with one another for survival by offering different educational options to potential students. Catholic universities face the daunting task of making a value proposition that is better than all the other options that students have available to them in the market. Faithfulness to the mission would suggest communicating the Catholic identity transparently in marketing materials, including by highlighting the school's primary aim, while thinking strategically in terms of attracting students. To complicate matters for the entire higher education market, as previously noted the real value of a university education has been subject to newfound doubts. Nevertheless, we see this development as a positive challenge and a welcome opportunity for universities to rediscover their primary value-add to society, to execute a renewed focus on the intellectual aims of the university, and to prioritize resources towards activities that fall into this category of spending.

While Catholic universities should learn something from the business world, they should not operate like for-profit enterprises in every respect. In fact, some approaches often seen in business may be problematic for a university with a Catholic identity to adopt. As we've already noted, certain industry trends and practices within the world of higher education may distract a Catholic university from fulfilling its primary mission. In this regard, it is crucial that Catholic universities resist the dominant practice of making university decisions solely based on the desire to achieve certain rankings, sometimes at the expense of losing fundamental aspects of the Christian identity of the school. Insofar as achieving a certain ranking is connected to the university's ability to both attract students (and, consequently, its continued existence) *and* reach an ever-wider range of people, a responsible university administrator *does* consider rankings as one factor in decision-making. Nevertheless, while good rankings are meant to reflect excellence and coherence in carrying out one's stated mission, they are at best an *indirect* result of achieving goals, assuming the criteria of the ranking system aligns with the university's objectives (which, for Catholic universities, often does not). For example, a common ranking system of universities considers students' job placement post-graduation as indicative of the university's value, with certain types of jobs or even certain, specific companies considered preferable to others. However, since this evaluation system has little to do with pursuing knowledge excellently, it can lead an institution to overvalue certain professional areas of the curriculum while

undervaluing other foundational areas of learning from the intellectual point of view. Businesses fall into a similar pitfall when they aim *directly* at 'growth' for the sake of growth, or any purported goal that is defined in terms of competitors—'to be the market leader', for example—rather than in terms of an actual value proposition or societal contribution. As Benedict XVI asserted in *Caritas in Veritate*, 'What should be avoided is a speculative use of financial resources that yields to the temptation of seeking only short-term profit, without regard for the long-term sustainability of the enterprise' (Pope Benedict XVI 2009).

4. Reflecting the mission: stewardship of university resources

Attaining and allocating the resources needed to operate a university is a central function of its governance. Naturally, we would expect universities that embrace a Catholic identity to steward their resources in a way that reflects their mission, in the first place by following the dictates of Christian principles that pertain to the administration of material goods. These include the principles of the universal destination and the private ownership of goods (CCC 1993, 2402-2405), but also the virtues of poverty and temperance that lead a person—or an entity—not to seek material goods for their own sake but for their rightly ordered use and, consequently, to use only what is truly needed, to avoid indulging superfluous goods and generating unnecessary waste, and to take care of material possessions to prolong their usage, conscious of the scarcity of resources (CCC 1993, 1809, 2833, 2443–2449). Prudence, the 'virtue of effectively realizing the good', and magnanimity, that 'greatness of soul' which allows people to 'undertake great things to seek above all the glory of God', are also crucial for university administrators (Rodriguez 2012, 29, 293). Although seemingly unrelated to the quest for truth, these virtues do play an important role in helping the human person avoid being inordinately attached to material goods, a distraction from learning. Additionally, striving to honor these specific virtues as an institution will lead Catholic universities to cut expenses that are unrelated to the primary purpose of the school, since it would be financially irresponsible for the entity to invest a large number of resources on superfluous activities.

When university decisions are guided by these principles, it creates a campus atmosphere that is *formative*, contributing to the primary goal of a Catholic university: that is, to seek, find and love the truth, and to foster this desire in all humanity. In *Ex corde Ecclesiae* (Pope John Paul II 1990), St. John Paul II affirmed:

> Born from the heart of the Church, a Catholic University is located in that course of tradition which may be traced back to the very origin of the University as an institution. It has always been recognized as an incomparable center of creativity and dissemination of knowledge for the good of humanity. By vocation, the *Universitas magistrorum et scholarium* is dedicated to research, to teaching and to the education of students who freely associate with their teachers in a common love of knowledge. With every other University it shares that *gaudium de veritate*, so precious to Saint Augustine, which is that joy of searching for, discovering and communicating truth in every field of knowledge. A Catholic University's privileged task is 'to unite existentially by intellectual effort two orders of reality that too frequently tend to be placed in opposition as though

> they were antithetical: the search for truth, and the certainty of already knowing the fount of truth'.

More recently, in a speech delivered at the University of Notre Dame in 2023, U.S. Bishop Robert Barron (Barron 2023) affirmed, 'Essentially, a Catholic university is one in which Christ holds the central, integrating, and organizing place among all the disciplines and activities of the university'. Christ's light should also direct the act of stewarding the resources the university has at its disposal to accomplish the mission.

From a financial perspective, it is important to note that the search for truth 'for its own sake', which characterizes both the so-called 'pure' sciences and the liberal arts or humanities, is not a naturally *lucrative* enterprise. Of course, certain discoveries and advancements of knowledge can then be applied to generate wealth. But the mere search for truth creates neither wealth nor material resources by virtue of its operation. Indeed, were we to think in terms of the monetary value of the search for truth, for example by considering the projected financial gain associated with certain advances in scientific research, we would end up limiting the scope of the pursuit of truth to those areas that promise the greatest 'return on investment'. The point is that not all knowledge is financially beneficial, yet human beings that seek to know God and to understand His creation still desire to possess such 'useless' knowledge for its own sake. Part of providing scholars with the freedom and autonomy to pursue truth ultimately means financing activities that do not promise a monetary return, or at least not an immediate one. Of course, in an indirect way, when funds are well used, all funding directed toward research purposes arguably *can* yield a return on investment in the form of bolstering the university's reputation, which is associated with the strength of its research. Yet even when a university enjoys a good reputation, its prestige is only useful when it helps advance the mission. Ideally, students, scholars and university benefactors alike are drawn to institutions that promise quality instruction in the truth and a more excellent advancement of true knowledge. In reality, since many view college as a mere stepping stone to future opportunities, today's universities often function as a dispensary of prestige or, as Sandel puts it, 'a sorting machine' (Sandel 2020).

Evidently it requires a large number of resources to sustain any university, even a small one. Very large universities often resemble municipalities: even physically, the geographic footprint of many universities is not dissimilar to a town or village. Although such grand dimensions may not be strictly necessary, the university in its most rudimentary form is a project of seeking the truth *from all fields of knowledge*, and therefore will almost always require relatively large proportions even at a minimum to achieve its objective. Certainly, the advent of digital technology, the ability to offer courses online, and the prospect of 'open universities' all make it easier for institutions to do more with less, a welcome sign of progress. Nevertheless, as regards costs associated with research and scholarship, to a certain extent the projects involved in truth-seeking are limitless: the need for resources, unending.

For all the advancements that have transpired over the long history that universities have been in existence, not much has changed in terms of the basic business model of universities.[10] In addition to charging tuition to students, the most obvious fundraising source for a non-profit institution like a university is to solicit

money from willing donors, especially among the school's alumni. Stewards of donated funds can maximize the yield of those funds by investing them in an endowment, a special fund where the donated amount is invested and a portion of the income earned on the principal is spent. Indeed, the concept of an endowment was an early answer to the question of how to maintain an enterprise that is non-lucrative in itself. Even in the United States where the average university tuition is significantly higher than in other countries, university budgets do not survive on tuition fees alone. While there is plenty of room for cost-cutting at American universities, the fact of the matter is that a university enterprise is expensive: not only supporting world-class scholars, but incentivizing the best of the best to work at your university; maintaining laboratories and the costs of scientific research; supporting travel associated with academic work, etc. So, although tuition fees might cover the costs associated with *teaching*, it is hard to quantify the value of *research*, except perhaps by trying to quantify the value of the university's prestige over time, summing up the individual value of its scholars. Nevertheless, a university will always require an initial investment to be made from a 'first mover', someone willing to take the risk of funding the enterprise at the beginning. In any case, for better or for worse, universities rely on the generosity of benefactors.

Generous donors are more likely to come by in a society where wealth is regularly *created*—and not just redistributed—by its members. While capitalism and Christianity have a complicated relationship, some scholars of political economy argue that we in fact have Christianity at least partially to thank for the free market economy, since it is based on the logic of voluntary cooperation that respects the equal moral agency of all people, as opposed to the coercive extraction that characterized the majority of economic activity since the dawn of human history (Otteson 2021). Although free market economies are criticized for their tendency to generate unequal wealth distribution and foster materialism, it would be hard to imagine the growth of universities over the last two hundred years without the support of independently wealthy benefactors, most of them successful business people whose wealth was almost entirely earned, not inherited. Beyond Catholic universities, the Church itself certainly relies on wealthy individuals practicing the virtue of detachment and poverty to fund various projects and initiatives for the good of the Church.[11] In any case, if an institution relies on donations, it would be good for that institution to exist in a society in which wealth is *generated* through business growth and activity. Ironically, although nearly all modern universities rely on the generosity of wealthy benefactors, business people themselves are often demonized on college campuses as anti-intellectual, or as ruthless profit-maximizers who only care about the bottom line (Bhattacharjee, Dana, and Baron 2017).[12] Of course, there *is* corruption in business that should be condemned, and scholars need not alter their views to harmonize with the opinions of those who support them financially. Nevertheless, apart from the lack of internal coherence it demonstrates, it also displays a practical ignorance regarding the mechanisms that financially sustain them.

One potential source of income is government funding. On this point, practices differ widely with national customs and culture. Similar to what happens with healthcare, common attitudes about whether or not people should have to pay for

education and how much payment is reasonable vary from country to country. At the end of the day, 'There is no free lunch' which means somebody has to foot the bill. If it is the government, it is likely that the funds received are restricted, meaning that the university can only use the funding from this source for very specific uses. In any case, it is important to recognize that government funding is generated via taxation, and many other societal needs compete for tax dollars. Society faces a trade-off in which supporting a university is just one of many possible uses of government funding. However, this very trade-off puts pressure on the kind of research that can be supported with government funds. An over-reliance on government funding certainly restricts what the university is able to accomplish in terms of research, which has the potential to require limitless funds. Certainly, if an institution has ways by which it can generate its own funds, that means they can also enjoy greater autonomy in terms of how it spends the money. But given the *non-lucrative nature* of the enterprise, even the most business-savvy universities rely on donations and, especially, their endowments.

The downside to relying on endowment funds is that they are less helpful in the short-run, even if they are very beneficial in the long-run. For this reason, it can help universities to have additional revenue streams. There are certain disciplines that are good at raising funds for themselves, such as the disciplines related to business, while other disciplines certainly struggle in this regard. One strategy for a Catholic University is to have a business school. While this may appear overly pragmatic, we would argue that this approach is coherent with the mission of Catholic universities to seek the unity of knowledge from *all* disciplines, including the study of business.

On the operational front, a decentralized approach would seem to maximize academic freedom and scholarly autonomy. As Hesburgh wrote, '[F]ew institutions on earth need the climate of freedom to the extent that universities do' (Hesburgh 1994, 4).[13] Indeed, universities take a cue from the world of business when they adopt this quintessential market principle, which holds that we should entrust the welfare of society to the free choice of each individual, because maximizing the right kind of self-interest generates wealth for everyone. As economist-turned-theologian Mary Hirschfeld explains, the central insight of economics is 'counterintuitive: the best way to spread material prosperity is by allowing individuals to pursue their own self-interest. The profit motive gives self-seeking individuals an incentive to provide goods and services that are of value to others' (Hirschfeld 2018, i). This also explains why people need a modicum of private property in which to exercise their freedom and autonomy. A similar logic applies to the university, and certainly Catholic universities can benefit from this approach as well.

Nevertheless, a persistent problem for universities generally is that the structures that order academic life, including the financial ones, do little to nothing to incentivize that scholars shed light on the *inter-relatedness* of their disciplines.[14] While decentralization may not solve this particular problem, it is still important to both respect and rely on the free initiative of scholars to see that the very nature of the truth requires them to depend on insights from fields beyond their own. Newman affirmed the 'university's principally intellectual endeavor to cultivate habits of mind to see things in relation to each other and to make good judgments about the world'

(1852, 76). Because no one scholar can be an expert in every field, each one has to depend on all the others to achieve this end. A Catholic university in particular, with the specific insight and wisdom it receives from the deposit of Revelation and the study of Theology, can—to the extent possible—help everyone in the university to overcome the effects of original sin, principally the blindness of human pride, which often prevents interdisciplinary interaction. For as St. Paul says to the Corinthians, 'knowledge inflates with pride, but love builds up. If anyone supposes he knows something, he does not yet know as he ought to know' (1 Cor 8: 1–2).

Relatedly, the tendency to commercialize the university can also lead to hypocritical postures that jeopardize the institution's Catholic mission.[15] An extravagant institution—and even just the perception of it—would not seem to reflect a Christian ethos. Granted, it is important for the university to be aware of market trends and to ensure their continued existence through responsible financial planning, which often requires them to think competitively and strategically in a legitimate business sense. Nevertheless, a sharper clarity around the specific mission of a Catholic university may help guide the complex decision-making processes facing university administrators. In any case, it is important that a university's Catholic inspiration actually affect what the university does, not just as a decoration or a marketing element. As the late Notre Dame philosopher Ralph McInerny wrote, 'If the faith has no influence on what goes on in the classrooms and laboratories, studios and stages, of the university, the university is not Catholic' (1994, 182). Even when a university is born from a Christian worldview and for the sake of pursuing the ideals of truth, goodness and beauty, that admirable goal may not be what motivates the institution today. Many universities that were Christian in their origins—for example, nearly all of the most prestigious American universities—no longer consider themselves Christian.

5. Conclusion

Catholic universities would do well to remember that many of the earliest universities were founded by people of faith in order to fulfill a human need rooted in our rational nature as creatures made in the image and likeness of God, the Creator of all and the source of truth. The intellectual purpose of the university represents an enormous, unending task but it is a worthwhile and much-needed pursuit. Strategically, now is a good time to underline the original reason for universities in the first place, clarifying the value proposition for all stakeholders. With the heritage of the Catholic intellectual tradition, universities with a Catholic identity have a competitive advantage in the higher education industry, through which they can surely make a unique and unrepeatable contribution to society.

Notes

1. Examples of autodidacts include Leonardo da Vinci, Abraham Lincoln, Charles Darwin, Steve Jobs, and Elon Musk, among many others.
2. Hesburgh described the evolution of universities thus: "We inherited Newman's notion of the British university as an exclusively teaching institution, added on the concept of graduate and research functions from the German university model, and, to further

complicate the institution, have elaborated since the end of World War II a new university function of service to humankind on the local, state, national, and international levels. (1994, 3) Hesburgh's reference to a "new university function of service to humankind" on various levels "since the end of World War II" may have something to do with the unprecedented, large-scale recruitment of academic scientists by federal governments to support the creation of the first nuclear weapons and other national defenses (Bird and Sherwin 2005).

3. Italics added for emphasis.
4. By "Catholic Universities", I mean all universities possessing a Catholic identity.
5. For Catholic universities, it is important that the work of scholarship be undertaken precisely as a *vocation* and as a means of serving others, as opposed to a *career* or simply a way to make money. Fortunately, since the vast majority of college professors do not enjoy highly lucrative positions, there seems to be a natural mechanism in place to ensure that scholarship is undertaken earnestly and with the right intentions. A harder issue to combat is the negative effects of excessive professional ambition or desire for prestige that could wrongly motivate the work of academics.
6. For a more in-depth exploration of both the unity of knowledge and the complementarity of faith and reason, see Giuseppe Tanzella-Nitti, "Unity of Knowledge", Interdisciplinary Encyclopedia of Religion and Science, https://inters.org/unity-of-knowledge, 2002; and Lluís Clavell, "Razón y Fe en la universidad: ¿oposición o colaboración?" Documentos del Instituto de Antropología y Ética 23. Pamplona: Eunsa, 2011. https://dadun.unav.edu/handle/10171/36090.
7. On this issue, point 110 from Pope Francis' (Pope Francis 2015) *Laudato Si'* may illuminate the goal: "… The fragmentation of knowledge proves helpful for concrete applications, and yet it often leads to a loss of appreciation for the whole, for the relationships between things, and for the broader horizon, which then becomes irrelevant. This very fact makes it hard to find adequate ways of solving the more complex problems of today's world, particularly those regarding the environment and the poor; these problems cannot be dealt with from a single perspective or from a single set of interests. A science which would offer solutions to the great issues would necessarily have to take into account the data generated by other fields of knowledge, including philosophy and social ethics; but this is a difficult habit to acquire today … ".
8. St. Josemaría Escrivá expressed a similar view in a speech given at the University of Navarre on October 7, 1967 (Escrivá 1967): "The university has as its highest mission the service of men, the ferment of the society in which it lives; that is why it must investigate the truth in all fields … " (Original quote: "*La universidad tiene como su más alta misión el servicio a los hombres, el ser fermento de la sociedad en que vive; por eso debe investigar la verdad en todos los campos …* " https://escriva.org/es/josemaria-escriva-de-balaguer-y-la-universidad/6/.
9. These authors also affirm: "[T]he very word 'Catholic" itself has become more divisive both in regard to epistemological claims as well as on Catholic moral stances on marriage, sexuality, and the right to life. In order to mitigate such conflicts, university leaders often reduce the university purpose to selected portions of Catholic social thought that appear more acceptable to the mainstream culture. But "*even if a Catholic university were to accentuate rather than downplay the more controversial moral claims of the Church, and make advocacy of those norms the focus of its mission statement and strategic goals, this, too, could be putting as primary something that is secondary to the mission of a university.*" (76) Italics added for emphasis of the claim.
10. Consider this description of the financial management of the earliest universities: "University income came from both internal and external sources. The internal sources were fees for matriculation and graduation, graces (dispensations from the statutory conditions for degrees) and other dispensations, money collected from the nations, and *collectae* (collections from students carried out once or twice a year) … External sources were ecclesiastical benefices, salaries paid by the king, duke, or town, gifts and legacies, and grants and endowments given for the permanent support of the university. Expenditure was

modest. Much of the budget went to festivities, banquets, and entertainment, or on routine payments for administration or travel; lawsuits also cost money, and in the later Middle Ages the maintenance of buildings and other properties (e.g., insignia) burdened the academic budget. Teachers' salaries were not usually paid by the university … Officials were not paid a salary but were entitled to a part of the *collectae*, a proportion of fines, and an allowance for expenses; gifts in kind could also be substantial". (Gieysztor 1992, 133).

11. For a prime example, John O'Neill's (2018) *The Fisherman's Tomb: The True Story of the Vatican's Secret Search* tells the story of the anonymous donations from American businessman George Strake whose benefaction made possible the Scavi excavations during the pontificate of Pius XII (2018, 27–35).
12. For instance, take this recent editorial in the student newspaper at the University of Notre Dame which claims, "the overwhelming status quo in business is the endless pursuit of profit". Jim Moster, "Against Mendoza: A Nietzschean critique" The Observer, 24 March 2022, https://www.ndsmcobserver.com/article/2022/03/nietzschean-critique.
13. At the same time, Hesburgh writes: "Freedom and autonomy are still central to the university's life and spirit here and everywhere, but here they are buttressed by a system of governance that involves diverse layers of power and decision: boards of trustees, faculty, administration, alumni, and students". (3).
14. This issue plagues most universities, and even academies with no religious identity recognize the need for more interaction between disciplines. Consider this passage from *American Prometheus*, a biography of renowned physicist Robert Oppenheimer, considered the "father" or the atomic bomb: "Oppenheimer strongly believed it was essential that the Institute [for Advanced Study at Princeton] remain a home to both science and the humanities. In his speeches about the Institute, Oppenheimer continually emphasized that science needed the humanities to better understand its own character and consequences. Only a few of the senior resident mathematicians agreed with him, but their support was critical … He hoped that he could make the Institute a haven for scientists, social scientists and humanists interested in multidisciplinary understanding of the whole human condition. It was an irresistible opportunity, a chance to bring together the two worlds, science and the humanities that had engaged him equally as a young man. In this sense, Princeton would be the antithesis to Los Alamos, and perhaps a psychological antidote to it". (377).
15. For example, while it may be financially beneficial to the university, outsourcing the campus bookstore to a national bookseller that does not share the same moral values as the school usually comes at the cost of selling content that directly contradicts the teachings of the Catholic Church and, consequently, the university's identity.

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