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Public Universities and Private Industry: A Case Study

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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Public Universities and Private Industry: A Case Study

Market Report	Yr Ago	4 Wks Ago	9/24/04
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$92.25	\$82.95	\$83.69
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	111.05	143.26	125.75
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	102.63	119.09	116.26
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	161.41	138.38	137.11
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	55.35	70.68	81.17
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	37.91	47.99	46.25
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	66.03	73.85	76.33
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	87.00	92.25	92.00
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	219.26	212.58	218.31
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu	3.47	3.20	3.35
Corn, No. 2, Yellow Omaha, bu	2.09	2.19	1.84
Soybeans, No. 1, Yellow Omaha, bu	6.32	6.14	4.89
Grain Sorghum, No. 2, Yellow Kansas City, cwt	3.43	3.07	2.80
Oats, No. 2, Heavy Minneapolis, MN, bu	1.56	1.63	1.79
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	115.00	117.50	115.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	65.00	62.50	62.50
Grass Hay, Sm. Square, Good Northeast Nebraska, ton	62.50	57.50	57.50
* No market.			

A report recently released by an external review panel evaluates a controversial five-year contract between the University of California, Berkeley, and Novartis, the Swiss pharmaceutical and agrochemical company now known as Syngenta. The report, which was written by a team of consultants from Michigan State University and released in early August, addresses a number of issues related to the increasingly complex relationship between public universities and private industry. Given the size of the agreement and that it involved an entire academic department, the Berkeley-Novartis contract quickly became a focus for concerns relating to the basic mission of land-grant universities and the growth of corporate influence on campuses.

Under the agreement, signed in November 1998, Novartis agreed to pay Berkeley's Department of Plant and Microbial Biology \$25 million over five years to conduct basic research in plant biology. Novartis also agreed to allow the department's researchers access to its databases. In exchange, the university granted Novartis the right to review in advance all proposed publications and presentations by participating faculty members and their graduate students. Novartis also was given the first opportunity to negotiate licenses on about a third of the department's discoveries, including those from projects funded by federal and state agencies.

Like many publicly funded universities, the University of California has faced a series of fiscal crises in recent years due to shrinking and erratic funding, particularly from state sources. Consequently, the university, as well as other research institutions across the country, has increasingly sought funding from



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private industry to meet its needs. The \$25 million in funds from Novartis allowed Berkeley's College of Natural Resources to divert other money toward making badly needed improvements in aging classroom and laboratory buildings. It also provided the Department of Plant and Microbial Biology with resources that permitted it to increase its graduate student enrollment. Perhaps most important, the agreement provided participating researchers a source of funding for basic and unconventional research that might not have obtained funding otherwise, and it allowed researchers to circumvent the time-consuming application process usually required for federal grants.

Meanwhile, critics of the agreement expressed concerns about how it and similar contracts could enable large corporations to exert undue influence on universities that are supposed to act in the public interest. In particular, the critics suggested that Novartis might be able to direct faculty research toward areas of commercial benefit to itself and that academic freedom could be endangered by the company's right to review publications, including graduate student dissertations, in advance, as well as by restrictions placed on sharing and discussing ongoing research. Critics also argued that "captive" relationships between academic departments and private firms would inevitably compromise the objectivity of researchers and provide opportunities for firms to profit unfairly from the existence of research institutions created with public funds.

Supporters of the Berkeley-Novartis agreement contended that, despite its size, the agreement represented no more of a challenge to the integrity of the university than any of the other collaborative agreements routinely signed by public universities and private industry on a daily basis. Although critics continue to be concerned about the problems that might arise from similar agreements signed by other institutions in the future, observers generally agree that the research conducted at Berkeley was in no manner compromised or influenced by the agreement.

In its report, the external review panel concluded that the Berkeley-Novartis agreement did not produce the major impacts — positive or negative — that many had anticipated. Although the department's faculty and its graduate program benefitted from the agreement in several important ways, there has been no generation of intellectual property with direct commercial application as yet. The university has obtained several

patents on discoveries based on research funded at least partially by the agreement, but no licensing arrangements have resulted. Novartis also did not choose to extend the contract beyond five years, perhaps due in part to a global economic slowdown and the effects of the European aversion to genetically modified foods.

Despite its conclusion that the impacts of the agreement on the university were minimal, the review panel observed that the controversy surrounding the agreement highlighted the "crisis-ridden state of contemporary public higher education" in the United States. The panel suggested that the widely accepted vision of Berkeley as an engine for economic growth could be at odds with its founding mission and urged it to begin examining the role it should play as a land-grant university in the twenty-first century. Among other items, the panel also recommended that Berkeley address issues relating to conflicts of interest, public transparency and academic freedom, and that it avoid industry agreements involving entire academic units or large groups of researchers in the future.

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For additional information:

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