



National system reform in global context: The case of Australia

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Reforms and consequences in higher education system:
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Three aspects of freedom

Amartya Sen
Nobel Prize 1998

Sen's three aspects of freedom

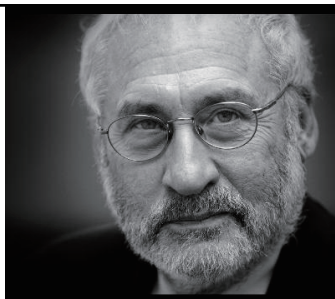
- Agency freedom: identity and will
- Control freedom ('negative freedom'): freedom from constraint by others
- Effective freedom: freedom to act and accomplish goals

University reform may enhance one form of freedom and diminish another. For example (1) corporate university presidents may enjoy greater control freedom in financial matters while losing some of their effective freedom in academic matters due to reduced resources for research and teaching; (2) closer state control over research activity may enhance the effective freedom of state policy while causing a loss of agency freedom within academic disciplines, impairing creativity

The economic effects of higher education and research

- Higher education directly creates economic value in its own right, e.g. augmentation of graduate earnings, full fee international markets, saleable intellectual property
- However its primary contribution to economic and social development lies *not* in direct value creation but in its contribution to conditions of production in other sectors, e.g. productivity in the workplace, innovation in industry

Knowledge as a global public good and open source of innovation



Joseph Stiglitz,
Nobel Prize 2001

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- This follows from the nature of knowledge which is principally a public good. The main function of research is as a public good, while teaching mixes public and private goods: it combines knowledge and credentialing)
- Thus the economic effects of higher education, which are predominantly indirect, are mediated by its relationship with other sectors (the knowledge system, government, industry)

OECD shifts policy focus from creation of intellectual property to 'open science'

'The idea that stronger intellectual property right (IPR) regimes for universities will strengthen commercialisation of university knowledge and research results has been in focus in OECD countries in recent years... countries have developed national guidelines on licensing, data collection systems and strong incentive structures to promote the commercialisation of public research... Even though the policy issue of stronger IPR for universities is prominent, it contains a number of problems however. The most important of these is that commercialisation requires secrecy in the interests of appropriating the benefits of knowledge, whereas universities may play a stronger role in the economy by diffusing and divulging results. It should be remembered that IPRs raise the cost of knowledge to users, while an important policy objective might be to lower the costs of knowledge use to industry. Open science, such as collaboration, informal contacts between academics and businesses, attending academic conferences and using scientific literature, can also be used to transfer knowledge from the public sector to the private sector.'

Organisation for Economic Cooperation and Development, OECD (2008). *Thematic Review of Tertiary Education*, 'Enhancing the role of tertiary education in research and innovation'

Two distinct movements that have come together in our time

- The New Public Management. The NPM models public administration and higher education in business terms focusing on direct goals, product formats, efficiency, competition and performance management
- Globalization, i.e. global systems and convergence - including policy borrowing and universal adoption of NPM reforms

Neo-liberal New Public Management



Margaret Thatcher

Support for the NPM is common to policy circles everywhere. Support for the neo-liberal version of the NPM developed by the Thatcher government in the UK is strong in the Anglo-Westminster polities but by no means universal throughout the world.

Neo-liberal NPM imagines all teaching and research as private goods and higher education as a capitalist economic market of competing firms.

The Australian case



Australian higher education has been shaped by its history as an Anglo-Westminster system



Westminster, UK

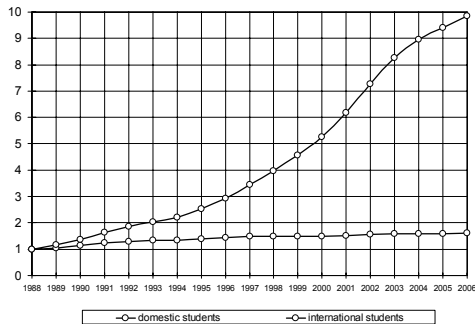
Canberra, Australia

The reformed Australian system

- Mix of subsidized local student places (not a market) and commercial markets in international and postgraduate education
- Annual cuts in public funding and 70% research cost funding drive continuous expansion of international education, now at the highest level in the OECD at 26% of students

Growth of international students in higher education since 1988

International and domestic student growth 1988-2006 (1988 = 1.00) [DEST 2007]

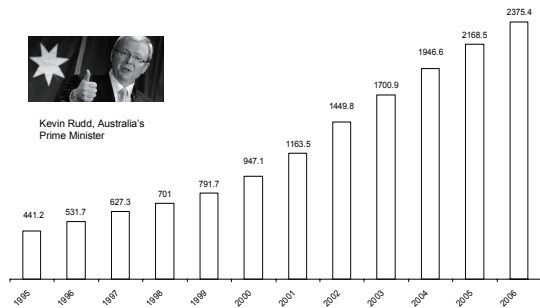


Growth in international student fee revenue, higher education, 1995-2006

(AUD \$ million)



Kevin Rudd, Australia's Prime Minister



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- Annual cuts in public funding and 70% research cost funding drive continuous expansion of international education, now at the highest level in the OECD at 26% of students
- National research grants agency, incentives for collaboration with industry, product formats, funding rewards research outputs.
- Marked shift from basic research activity to commercializable research programs; but no evidence that venture capital or industry innovation enhanced
- Tight, inflexible supervision of government funding for teaching
- Use of competitive bidding mechanisms, compliance funding and data requirements to drive conformity and homogeneity across national system, though light touch quality assurance
- Modernized systems, strong institutional executive and steering
- Budget-driven control of academic units and initiatives, universal use of competition, output measures, performance management
- Trend to more corporate governing bodies but not uniform

Intended and unintended

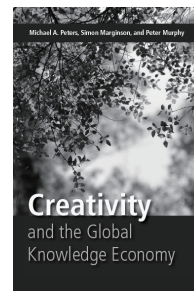
- Australia is a model NPM system in many ways though failure to create first degree tuition market frustrates neo-liberals
- Transparent, accountable, strong efficiency drivers, marketing-heavy, (nominally) customer-focused.
- Entrepreneurial and strategically competent especially at global level. Innovative in business sense, less in academic product
- Narrower policy agenda, less political pressure on government
- Weakening of academic cultures in some institutions with consequences for academic capacity especially in research
- New commercial revenues have been absorbed by marketing, services, facilities and buildings. Blow out in student-staff ratios, weakening of teaching resources and longer-term research capacity
- Australia stronger in global degree market than research and not a player in the world doctoral market which is one key to k-economy competition. Narrow commercial goals offshore, declining foreign aid for education
- Unbalanced development: weakening of primary science and humanities disciplines, weakening of newer institutions dependent on public funding
- Reduced attention to public good objectives such as social equity

Australian NPM in the larger context

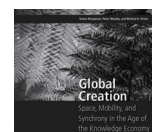
- Narrow policy agenda driven by legal and financial mechanisms leaves government less equipped to handle bigger and long term policy issues.
- Australia has abstained from 'the arms race in innovation'. It has a chronic inability to invest in k-economy capacity to match trends in China, Singapore and EU. Ideology of teaching and research as private goods creates policy barrier.
- Market competition does not necessarily produce optimum outcomes when public goods are at stake (e.g. distorting effects of international student revenues in Australia on the balance between disciplines, failure of commercial international education to encompass doctoral students, decline of basic research).
- NPM (especially but not only neo-liberal NPM) is consistent with control freedom and enhances control freedom and effective freedom for some managers, academic entrepreneurs and leading researchers. Cuts in state support weaken capacity, i.e. effective freedom, of others. Reduced agency freedom (academic identity) among many staff is a crucial weakness as it weakens intellectual creativity.
- A large part of the economic contribution of higher education, especially research, is indirect not direct and consists in the creation of conditions favourable for productivity and innovation, e.g. student learning and open source science. NPM systems emphasize direct, visible outcomes and model education in of product formats. They neglect fundamentally important aspects like open source knowledge dissemination.

Thank you, and I wish you good fortune in future

http://www.cshe.unimelb.edu.au/people/staff_pages/Marginson/Marginson.html



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