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CHANGING HIGHER EDUCATION<sup>1</sup>

Nicholas Barr and Iain Crawford (eds.), Financing Higher Education: Answers from the UK (Abingdon and New York: Routledge, 2005), 314 pp. (ISBN: 0-415-34620-7).

Ase Gornitzka, Maurice Kogan and Alberto Ameral (eds.), Reform and Change in Higher Education: Analysing Policy Implementation (Dordrecht: Kluwer, 2005), 376 pp. (ISBN 1-40220-3402-4).

Terry Wareham of Lancaster University once suggested that an article on ‘change’ in higher education be entitled ‘Quiet Flows the Don?’<sup>2</sup> While this may raise a wry smile, it is a little unfair. Try changing health or agriculture. Attempts to change higher education are likely to be protracted and uncertain, as these books illustrate.

Most developed countries are struggling with the structure of their higher education systems. England and Wales (but not Scotland), some countries of continental Europe, and Australia have yet to settle the relations between its sectors or tiers, or if they are to have a unified system, how to arrange it. Meanwhile, most of continental Europe and, until recently, England have been struggling to finance their greatly expanded systems. These enduring issues, associated with the transition from elite to mass higher education, have been made more urgent by the ‘intellectual arms race’, in which universities are competing for a place in the ‘knowledge economy’.<sup>3</sup>

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<sup>1</sup> Received 25 January 2006. Accepted for publication August 2006.

<sup>2</sup> Paul Trowler, ‘Beyond the Robbins Trap: Reconceptualising Academic Responses to Change in Higher Education (or ... Quiet Flows the Don?)’, Studies in Higher Education, 22 (3), 1997, 301-318.

<sup>3</sup> The transition from elite to mass higher education was first systematically analysed by Martin Trow in ‘Problems in the Transition from Elite to Mass Higher Education’, in Organisation for Economic Co-operation and Development, Policies for Higher Education, from the General Report on the Conference on Future Structures of Post-Secondary Education (Paris: OECD, 1974), 55-101.

## TAKE YOUR MARKS... SET ... RESEARCH

The intellectual arms race arises from the importance states accord to universities' role in the 'knowledge economy', but it has been intensified recently by the publication of international league tables of universities.<sup>4</sup> The most authoritative and, in my view, the only credible world university league table is produced by Shanghai Jiao Tong University's Institute of Higher Education, led by Professor Nian Cai Liu. Shanghai Jiao Tong's World Academic Ranking of Universities places Harvard on top, as would be expected, but it is surprisingly far out in front of all other universities.<sup>5</sup> The rank assigns a score of 100 to Harvard, and calculates a normalised score for all other universities as a percentage. [Alternatively if you prefer the passive to anthropomorphism: A score of 100 is assigned to the top ranked institution, Harvard, and the scores for other institutions are calculated as a normalised percentage of the top score.] Cambridge is ranked second, but with a score of only seventy-four. More worrying for other countries is that the US universities dominate the rest of the top twenty, with Oxford coming tenth with a score of sixty, and Tokyo University, twentieth, with a score of forty-seven.

The apparent dominance of world university ranks by the US is spooking the UK, Germany and China, which fear that they may no longer be able to compete economically. Other countries, such as Korea and Australia, believe that they need at least one or two universities to keep abreast of the world leaders. All five are intensifying the structural and financial reforms they have made to accommodate mass higher education. Most countries now offer shorter, mainly vocational programmes.<sup>6</sup> In addition, some are following California in segmenting their higher education institutions into an elite tier of research intensive universities, a second tier of comprehensive universities, and a third, vocational tier.<sup>7</sup> Some jurisdictions concentrate funding for research, and also for teaching in their elite universities,

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<sup>4</sup> Peter F. Drucker, The Age of Discontinuity (London: Heinemann, 1969).

<sup>5</sup> Available electronically at <http://ed.sjtu.edu.cn/rank/2005/ARWU2005Main.htm>, accessed 3 January 2006.

<sup>6</sup> The vocational sector goes by different names: it includes community colleges in the USA, Japan, and Canada; further education colleges in the UK; Berufsakademien in Germany; Akademien in Austria; vocational education and training institutes in Australia; and polytechnics in New Zealand.

<sup>7</sup> Gavin Moodie, 'Optimising Tertiary Education for Innovating Australia', in Ian Marsh (ed.), Innovating Australia (Melbourne: Committee for the Economic Development of Australia, 2004), 92-108; Norton W. Grubb, 'Alternatives To Universities Revisited', in Richard Sweet and Donald Hirsch (eds.), Education Policy Analysis 2004 (Paris: OECD, 2005), 15-46.

at the expense of institutions that are focussed on teaching and community service.<sup>8</sup> Some universities are replicating these practices internally – diverting research resources to a few fields in the hope that these at least may be considered ‘world class’. The result – like building skyscrapers in a desert – may be hard to sustain.

It is not obvious that establishing a tier of gold-plated research-intensive universities will achieve the aims of government. The knowledge economy is not built on research alone, but on its incorporation into the productive process. As Ammon Salter and Ben Martin observe, paraphrasing the OECD, ‘knowledge and information abound, it is the capacity to use them in meaningful ways that is in scarce supply’.<sup>9</sup> Michael Gibbons argues that this depends less on original discoveries and more on ‘the timely take up, modification, and marketing of knowledge solutions that already exist but need to be adapted to local environments.’<sup>10</sup> Likewise, Bengt-Åke Lundvall and Susana Borrás conclude that ‘incremental technical innovation based on learning, diffusion of technology and organisational change are certainly more important for the performance of any single national or regional economy than major innovations.’<sup>11</sup> All this puts world university league tables in a different light. They reflect the interests and values of researchers, not those who use research. In any case, elite institutions are not well suited to diffusing innovation.<sup>12</sup> Nobel laureates and Field medalists (who contribute 30 per cent of the score in Shanghai Jiao Tong University’s world rank) are about as useful at stimulating national innovation as Olympic gold medalists are at improving a nation’s fitness, or a prima donna at improving a nation’s singing. Nonetheless, governments seem to be intensifying their efforts to win the intellectual arms race.

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<sup>8</sup> Norton W. Grubb and Marvin Lazerson, The Educational Gospel: The Economic Power of Schooling (Cambridge, MA: Harvard University Press, 2004).

<sup>9</sup> Ammon J. Salter and Ben R. Martin, ‘The Economic Benefits Of Publicly Funded Basic Research: A Critical Review’, Research Policy, 30 (3), (2001), 509–532, at **512**. Emphasis in the original.

<sup>10</sup> Michael Gibbons, ‘Globalisation, Innovation and Socially Robust Knowledge’, in Richard King (ed.), The University In The Global Age (**Houndsmill**: Palgrave Macmillan, 2004), 96-115, at **97**.

<sup>11</sup> Bengt-Åke Lundvall and Susana Borrás, The Globalising Learning Economy: Implications for Innovation Policy. Report based on contributions from seven projects under the TSER **programME** DG XII (Brussels: Commission of the European Union, 1997), **154**. See also Linda Moussouris, ‘The Higher Education – Economic Development “Connection” in Massachusetts: Forging a Critical Linkage?’, Higher Education, 35 (1), (1998), 91-112, at **93-4**; and Jane Marceau, ‘Divining Directions for Development: a Cooperative Industry-Government-Public Sector Research Approach’, Working papers on Innovation, 2000-01 (Sydney: Australian Expert Group in Industry Studies, 2001), **8**.

<sup>12</sup> Helga Nowotny, Peter Scott, and Michael Gibbons. Rethinking Science: Knowledge in an Age of Uncertainty (Cambridge: Polity PRESS, 2001), **90**.

## FINANCING HIGHER EDUCATION

Meanwhile, the slow pick-up in Britain and the US of income-contingent student loans – an equitable and efficient way to fund the modern university – demonstrates the difficulty of rational university reform. In Financing Higher Education: Answers from the UK, Nicholas Barr and Iain Crawford have collected the primary documents from their campaign for the introduction in the UK of income-contingent loans. A conventional loan requires the borrower to make repayments at specified times, normally upon taking out the loan (although many US higher education loans do not require students to start making repayments until after they have graduated). By contrast, income-contingent loans require repayment only when the borrower's income exceeds a certain threshold. Repayments of conventional loans are of fixed sums, whereas the amount of income-contingent loans repaid each period varies according to the graduate's income.

The idea of income-contingent loans for higher education is not new. It was first proposed fifty years ago by Milton Friedman, in submissions to the UK's Robbins Committee on higher education.<sup>13</sup> In 1972, Johnstone published such a scheme for the US; from 1986 to 1992, the US Federal government mounted a restricted income contingent loan programme at ten post-secondary institutions; in 1988, Michael Dukakis proposed income-contingent loans, repaid with social security payments, in his unsuccessful US presidential campaign; in 1989, Robert Reischauer developed the proposal more fully; and in 1994, income contingent loans were the subject of a US Congressional Budget Office memorandum.<sup>14</sup> Most US loans remain conventional, with a loan period of ten years, but the US Department of Education's federal loan consolidation programme currently has an income contingent repayment plan.

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<sup>13</sup> Milton Friedman, 'The Role of Government in Education', in Robert A. Solo (ed.), Economics and the Public Interest (New Brunswick: Rutgers University Press, 1955), 123–144. A.T. Peacock and J. Wiseman, 'The Economics of Higher Education'; Alan Prest, 'The Finance of Higher Education in Great Britain', in Higher Education: Evidence – Part Two: Documentary Evidence, Cmnd 2154-xii (London: Her Majesty's Stationery Office, 1962), **122-138** and **139-152**.

<sup>14</sup> D. Bruce Johnstone, New Patterns for College Lending: Income Contingent Loans (New York: Columbia University Press, 1972). Robert Reischauer, 'HELP: A Student Loan Programme for the Twenty-First Century', in Lawrence E. Gladieux (ed.), Radical Reform or Incremental Change? Student Loan Policies for the Federal Government (New York: College Entrance Examination Board, 1989), cited in Jay Noell and Constance Rhind, CBO Memorandum: Issues in designing a Federal Programme of Income-Contingent Student Loans (Washington, DC: Congressional Budget Office, 1994).

Barr and Crawford oppose universal free tuition and income support grants for higher education students – an argument that is yet to be accepted in much of continental Europe. They point out that, despite tuition being effectively free for full time students in the UK for forty years, and notwithstanding many equity programmes, wealthier students have always been over-represented in higher education, while poorer students remain under-represented. Free tuition is therefore a regressive transfer of resources. While higher education may be a basic right, Barr and Crawford argue that it should not therefore be free. Adequate nutrition is a basic right, yet food is supplied by profit-maximising private producers. The government does not send pensioners food parcels, but pays them a pension so they may buy food at the same shops, at the same prices as everyone else. Barr and Crawford extend the analogy, arguing that institutions of different quality should be able to charge different fees; it would be considered unfair if everyone had to pay a flat fee for food, but some people had salmon and others baked beans.

Barr and Crawford consider various mechanisms by which banks and other private financial institutions could administer income-contingent loans, but prefer that repayments be collected through the income tax system.<sup>15</sup> This remains the best method. Unlike investments in fixed assets, there is no security for investment in human capital. Therefore, if loans for higher education are to be made available for a reasonable fee, they have to be guaranteed by government – as they have been in the US since 1965, and as they are in all other countries in which loans are used to make higher education affordable. There is no escaping government involvement in income-contingent loans. The coercive powers and wide reach of taxation collection agencies result in low default rates. By contrast, US loans administered by bodies other than the Internal Revenue Service, mostly by private financial institutions and student-loan-guarantee agencies, suffer default rates of about 13 per cent.

Financing Higher Education: Answers from the UK usefully illustrates that innovation is not achieved just by publishing a good idea or by submitting a well-conceived proposal. Income contingent loans were introduced in Britain half a century after they were first proposed, forty-four years after the idea was first submitted to government, and after sixteen years of Barr and Crawford's campaigning. Introducing innovation often requires attributes quite different from those of the scholar – the late Iain Crawford had a long history of political campaigning, and was a parliamentary candidate and head of public relations at the London

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<sup>15</sup> They support the proposal by Friedman, Prest, and Peacock and Wiseman, *op. cit.* note 13, which also suggests compulsory income-related insurance payments.

School of Economics. Attempts at reform can also be intensely frustrating, as Barr and Crawford let slip. They had to be persistent, and the republication of chapters, submissions to committees of inquiry, and journal and newspaper articles is repetitive at times. But many pieces read well again years after their initial publication, and the different formats in which Barr and Crawford wrote add variety.

Australia introduced income-contingent loans for higher education tuition fees in 1989 following a committee of inquiry that reported two years earlier – the year that Barr published his earliest piece advocating income-contingent loans for the UK. In the following election, the Labor Government that reintroduced tuition fees and introduced income-contingent loans was returned. Since then, these loans have never been a serious election issue in Australia. It is bemusing to observe from Australia the UK's difficulties and lost opportunities in introducing a scheme that was so cogent, unproblematic, and widely supported.

### ORGANISED CHANGE OF HIGHER EDUCATION

Reform and Change in Higher Education: Analysing Policy Implementation is a selection of papers, most of them national case studies, presented to a conference in 2003.<sup>16</sup> Its organisers asked authors to start with a critical appraisal of Ladislav Cerych and Paul Sabatier's seminal work on higher education reform.<sup>17</sup> In their case studies, Cerych and Sabatier asked three questions, to which the authors of Reform and Change return:

1. How did the reform originate, and what were its official goals?
2. To what extent, and when, have these objectives been attained? What other politically significant impacts have they had? Have additional objectives emerged? If so, with what effects?
3. What principal factors influenced those objectives?<sup>18</sup>

The answers to these questions gives the book a coherence unusual in collections of conference papers.

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<sup>16</sup> The 2003 conference of the Consortium of Higher Education Researchers held on 4-6 September in Porto, Portugal, on the theme 'Reform and Change in Higher Education: Renewed expectations and improved performance?', <http://www.uni-kassel.de/wz1/CHER/Welcome.html>, accessed 25 July 2006.

<sup>17</sup> Ladislav Cerych and Paul Sabatier, Great Expectations and Mixed Performance: The Implementation of Higher Education Reforms in Europe (Stoke-on-Trent: Trentham Books, 1986).

<sup>18</sup> Ibid., page xv.

Many chapters study changes in the structure of higher education, most frequently the introduction of a sector of short-cycle vocational higher education. Thus, Jussi Välimaa studied polytechnics in Finland, and Alberto Amaral and António Magalhães, those in Portugal; Hans Pechar observed Fachhochschulen in Austria; Rollin Kent, technical institutes in Mexico; and Svein Kyvik, university colleges in Norway. Grant Harman's chapter on Australia and John Taylor's on the UK are interesting complements. Harman studies the major changes introduced between 1987 and 1990 by education minister John Dawkins. One of these unified the university and advanced education sectors, and arguably led to the difficulties with structure that Australia is experiencing now. Harman also examines Australia's successful introduction of tuition fees supported by income-contingent loans. On the other hand, Taylor studies the effects and implications of the British Government's cut in higher education funding in 1981, and its steady erosion of per capita funding in the ensuing twenty years. While this policy allowed the UK to accommodate an expansion from an elite to a mass system without making any major change to the way in which it financed higher education, it eroded the quality of universities and was not sustainable, as Taylor and also Barr and Crawford agree.

A number of essays in this collection consider changes to the management of continental universities. In many European countries, universities are autonomous state bodies. States appoint academic staff who are civil servants with lifelong tenure. Duplex ordo obtains: the state controls administrative matters of finance, facilities, and personnel management; and academic matters are left to the academic staff.<sup>19</sup> Before universities became 'massified', academic authority was exercised in each discipline by a single Ordinarius, or professor-head of department, who ran her or his discipline in the university with the help of scholarly assistants (wissenschaftliche Assistenten) or collaborators (Mitarbeiter).

As Pechar explains, Austrian universities are organisationally weak. On important issues, the Ordinarien deal directly with the government bureaucracy. Collective academic authority is exercised by the academic senate, which typically comprises only Ordinarien. Junior academic staff have no formal role in academic decision-making. The university rector, who represents the university but does not manage it, is merely primus inter pares of the Ordinarien. Many continental European countries are in the process of changing this system to

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<sup>19</sup> See De Boer, Enders, and Westerheijden in their chapter on two reforms and their consequences in Dutch higher education.

one resembling the Anglo-saxon world. This involves, as Hans Pechar points out, splitting the formerly intermingled administrative decision-making, so that the state manages the system, and each institution manages itself.

However, as Harry F De Boer, Jürgen Enders, and Don F Westerheijden report, even the relatively advanced process of reform in The Netherlands dates from only 1997, and the passage of the Act Modernising University Governance Structures. It was not until 2004 that Austria transferred universities from state agencies to ‘public enterprises’, each with its own governing board, empowered to appoint the rector and employ staff. Pechar says that these changes probably make Austria the most advanced on the European continent in the ‘managerial revolution’ in higher education<sup>20</sup>.

Those seeking to change higher education in Europe are motivated by internal demands, by failure to meet external needs and expectations, and by their desire to keep up with other countries. They cite increased national and international competition to justify change. Opponents of reform deny the existence of any problem, or claim sectoral or national exceptionalism.

Thus Giunio Luzzatto and Roberto Moscati argue that keeping up with Europe was a powerful argument for change in Italy, a point that was previously made by Stuart Woolf<sup>21</sup> In 1998, the Italian Minister for Education, Luigi Berlinguer, and the French Minister Claude Allègre issued the ‘Sorbonne Declaration’ on harmonising the architecture of the European higher education system, which Germany and the UK also signed. The Sorbonne Declaration refers to the Lisbon Convention of 1997 on the recognition of qualifications in Europe which, in turn, refers to six previous conventions on the academic recognition of university qualifications dating back to 1956. The Sorbonne Declaration led to the Bologna Declaration of 1999, establishing the European area of higher education. The Bologna declaration was initially signed by twenty-nine European ministers of education, and now encompasses forty-five countries. So for many countries the Bologna process serves the dual roles of fostering international cooperation, and leveraging national change.<sup>22</sup>

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<sup>20</sup> In Gornitzka, Kogan & Ameal (eds.), at p 281.

<sup>21</sup> Stuart Woolf, ‘On university reform in Italy: contradictions and power relations in structure and function’, *Minerva*, 41, 2003, 347-363, at p 362.

<sup>22</sup> Guy Neave, ‘Anything Goes: Or, How the Accommodation of Europe’s Universities to European Integration Integrates an Inspiring Number of Contradictions’, *Tertiary Education and Management*, 8 (3), (2002), 181-197, at 186; Jeroen Huisman and Marijk Van der Wende, ‘The EU and Bologna: Are Supra- and International Initiatives Threatening Domestic Agendas?’, *European Journal of Education*, 39 (3), (2004), 349-357, at 352.

Cerych and Sabatier argue that reform typically varies in three dimensions: depth, functional breadth, and organisational level. The depth of change is the extent to which it departs from existing values and practices. Functional breadth is the number of areas of activity which it affects, such as curriculum, learning-teaching, staffing, structures, decision-making, and financing. Change may affect a whole system, a sector or segment, an institution, or part of an institution. Cerych and Sabatier hypothesise that change is 'curvilinear'. Modest changes are unlikely to mobilise enough support to overcome the disruption and inconvenience that even a minor change causes; moderate changes are more likely to attract support without attracting opposition, and major changes on all three dimensions are impracticable. Cerych and Sabatier also identify six factors needed to implement change: clear and internally consistent objectives; adequate understanding of the means needed to make the change; financial resources; the commitment of those responsible for implementing the change; the commitment of legislative and executive officials and affected groups; and favourable social or economic conditions.

In a review of the literature following the publication of Cerych and Sabatier's work, Åse Gornitzka et.al. conclude that there is only partial support for Cerych and Sabatier's theses. Taylor, on the UK, and Harman on Australia, describe successful changes that were far more extensive and substantial than any of the European reforms discussed by Cerych and Sabatier; yet they were highly successful. Svein Kyvik reports that the ambitious aim of integrating all non university higher education institutions in each region of Norway into a single district college (*distriktshøgskoler*) was not successful within the ten year frame of Cerych and Sabatier's analysis, but it succeeded subsequently. Conversely, there are numerous of examples of successful small changes to higher education.

Of the other six factors proposed by Cerych and Sabatier, some are found to be influential in some cases, but there are factors they fair to consider. Cerych and Sabatier's framework has to be qualified. This leads Kyvik to be sceptical about the possibility of developing a general theory of policy implementation; since every implementation is unique, he even resiles from a list of factors supporting change. Gornitzka *et. al.* are a little more hopeful. While acknowledging the difficulty of a causal theory and predictive models, they argue for the usefulness of creating heuristic models of the ways in which policy is formulated, and the processes by which it works. And other contributors find Cerych and Sabatier's framework useful.

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## DISORDERLY CHANGE

In 1986, Burton Clark argued that change to higher education in the US is distinctively unsystematic.<sup>23</sup> He gave as examples the strengthening state and Federal control of US higher education in the 1980s; and the increasing inclusion of adult students, which gradually blurred distinctions between ‘day’ and ‘night’, and ‘regular’ and ‘continuing-education’.<sup>24</sup>

Countries where the national government has a stronger role have also seen unsystematic reform movements in higher education. Gareth Parry and Anne Thompson observe the blurring of higher and further education institutions in England during the period of ‘low policy’ from 1987 to 1997; and similar trends may be observed in New Zealand from 1989 to 2003, and in Australia currently.<sup>25</sup> In his chapter on the implementation game in Reform and Change in Higher Education, Maurice Kogan observes that unplanned change, mainly created from the academic base, has historically been regarded as the main mover in higher education. One major current of unorganised change may follow from the proliferation of personal computers, and the development of the internet.

Rather more obvious, at least in Australia, is the emergence of the domestic-international nexus, which is evident from the rapid increases in the proportion of international students.<sup>26</sup> In Australia, the sector grew rapidly from 1985, when the Federal government encouraged education as an export industry. Growth accelerated from 1996, as higher education recouped funding shortfalls caused by the government’s refusal to index university grants fully for wage and other cost increases. Also since 1996, Universities’ reliance on international fees has been maintained by the government’s tight regulation of privately financed places for domestic students. Thus, the domestic-international nexus in learning-teaching in Australia is based on financial interdependence: 14 per cent of Australia’s higher education revenue now comes from international student fees.

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<sup>23</sup> Burton R. Clark ‘Implementation in the United States: A Comparison with European Higher Education Reforms’, in Cerych and Sabatier (eds.) op. cit. note 17, 261-262.

<sup>24</sup> El-Khawas extends the first example in her chapter in Reform and Change in Higher Education, on the push for accountability among US higher education institutions.

<sup>25</sup> Gareth Parry and Anne Thompson, Closer By Degrees: The Past, Present and Future of Higher Education in Further Education Colleges (London: Learning and Skills Development Agency, 2002).

<sup>26</sup> See Minerva, 39 (1), 2001 which is devoted to ‘borderless’ higher education and the several reports published electronically by the Observatory on Borderless Higher Education since 2001, <http://www.obhe.ac.uk>, accessed 3 January 2006.

The large proportion of international students (now 24 per cent of all Australian university students) has enriched many aspects of university life. But perhaps most interesting are the changes universities have made to attract them. These in turn have changed the experience for domestic students, almost all for the better. Student services have been broadened, administration is more responsive to students, internal decision-making is crisper; and universities have developed numerous international links, partnerships, and student exchanges. However, not all aspects of the domestic-international nexus have been beneficial. There have been allegations of ‘soft marking’, and of universities ignoring or downplaying plagiarism to maintain international enrolments. More substantial changes are likely to come, as universities respond to international students’ interests, and sponsors’ wishes.

Since the late 20<sup>th</sup> century, the strong growth of international education has affected many countries. Governments have encouraged it, vice chancellors have welcomed it, deans have been keen to see their faculties grow; and teaching staff have participated, whether to attract resources, or simply to keep their jobs. The growth in international enrolments – like the changes to learning-teaching that may be emerging from new technologies – are unsystematic and disorderly, yet they are significant. They offer an important contrast to the organised changes considered in these two books, and may offer reformers insights into how to achieve the changes they seek.

#### ABOUT THE AUTHOR

Gavin Moodie is the principal policy adviser at Griffith University, and a part time tutor in its law school. He has worked in Australian universities for thirty years, mostly in administration, and has published extensively on higher education policy. His doctoral thesis dealt with international comparisons of the relations between vocational and higher education.

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