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***A Little Learning?
Public Policy and Australian Universities***

***Professor Glyn Davis
Vice-Chancellor***

A LITTLE LEARNING?

PUBLIC POLICY AND AUSTRALIAN UNIVERSITIES

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Abstract

The study of public policy holds out the – perhaps elusive – promise of better outcomes through better decision-making processes. To test whether policy studies can make a contribution to the practical world of government, this paper runs a typical problem through the first stages of a policy cycle. The issue in hand is diversity among Australian universities, and this case study recommends Minister Brendan Nelson find a more robust theory of cause and effect in higher education to achieve his goal of a spectrum of choice for university students.

There was a brief, shining moment when a new science of governing seemed possible. In America, the policy experiments of the 1960s and beyond sparked some difficult questions. Why had government programs that started with such worthy ideals – to end poverty, to improve employment for minority groups, to make cities safe – ended in apparent failure? The answers seemed to elude the traditional disciplines – political science, economics, law – but perhaps, argued some, a multidisciplinary approach could make sense of disappointment and chart a new way forward. If the insights of economic analysis could be linked, say, to studies of how government and community groups interact, it might be possible to design better, more successful, policies. So emerged the new field – or would it be an entire discipline? – of public policy. It would build, said its most famous American advocate, Aaron Wildavsky in a book published in 1973, a firmer base for government action on the ruins of failed earlier hopes.

Tiny Griffith University, with a few thousand students in a forest near Brisbane, was among the few Australian institutions to embrace this challenge. Sensing an opportunity for innovation, in 1984 the University appointed a foundation public policy professor to the then School of Social and Industrial Administration under Dean Dr Peter Coaldrake. Within 15 years there would be four professors of public policy at Griffith, a prominent research centre, and hundreds of Griffith policy graduates working in local,

state and national government, including a federal minister.¹ Within twenty years Griffith would be the Queensland base for a national graduate school of government imparting policy skills to public servants at every level of government in Australia and New Zealand.

Yet the foundation professor, Patrick Weller, always understood the limits of policy studies. He knew public policy could not become a predictable science because policy is inextricably linked to politics. As Professor Weller wrote before joining Griffith, ‘the study of public policy must be concerned with political activity, with the development and content of politics, with the processes which shape them and the institutions that mould them. These factors cannot be readily separated’ (Weller, 1980:237). Politics, argued Pat Weller, has its own rationality, one that suborns and shapes policy choices. The obvious policy approach may not be politically acceptable, since good politics often requires indifferent policy outcomes. What makes public policy frustrating - but fascinating - is the need to mesh two logics – one, the messy world of politics and the other, the aspiration for orderly, rational policy choices. In such a marriage art is possible but science is not. While American teaching programs expressed optimism in names such as ‘The Graduate School of Public Policy’, after trial and error Professor Weller labelled his creation the School of Politics and Public Policy. So it remains.

When John Wanna and I joined the School in the same week in 1985, there were scattered collections of local case studies available but no Australian textbook. We taught therefore from American public policy books, which suggested a much more fluid, much less structured world than the familiar institutions of Westminster-style responsible government. Our American books conveyed a sort of a Heraclitean flux, a restless energy driving the constant making and remaking of choices, in a system where change can embrace everything: the policy, the policy makers and the associations they inhabit.² Since in the American system it seemed no decision is final, ideas could circulate through the various policy arenas, competing with conventional wisdom, forever undermining the settled and the ordered. It

¹ The Honourable Gary Hargrave MP, Minister for Citizenship and Multicultural Affairs, completed his Commerce degree with a major in Politics and Public Policy. In his maiden speech, on 1 June 1996, Mr Hargrave noted he was also the first Griffith graduate elected to the Commonwealth Parliament.

² The emphasis on activity rather than matter, found in fragments from the Greek philosopher Heraclitus, make him a popular reference point in American writing on public policy. In the dialogue *Cratylus*, (402a) Plato reports Heraclitus as saying all things are in process and nothing stays still – caught in the aphorism that no person can step into the same river twice.

was a world expressed in Yogi Berra's dictum that 'it's not over until it's over, and even then it is not over'.

However exciting this vision, it did not accord with observations of Australian policy making, in which a stronger party system, a professional and permanent bureaucracy and the rigidities of a federal system entrenched in constitutional detail do not allow the same wild swings of sentiment. So the Griffith School of Politics and Public Policy team set about writing a primer that worked within the new spirit of American studies but embedded its ideas in local experience. *Public Policy in Australia*, written by John Wanna and Pat Weller, along with colleague John Warhurst from the University of New England and myself, was the first textbook in the field. It began with Australian institutions but used American theory to present a somewhat bleak view of policy making. We stressed the bounded rationality of policy outcomes given that choices are rarely clear and unconstrained, resources are always limited, information is scarce and difficult to coordinate, and decision makers are motivated by interests beyond the policy question at hand (Davis et al 1988).

Peppered through the book were examples of policy making gone wrong because decision makers did not consider politics – the lure of technique such as cost-benefit analysis that encouraged the Tasmanian Hydro-Electricity Commission to dam the Franklin River, or the debacle of the Australia Card. Often, it became clear, the problem was bad process, in which ideas were not tested against evidence. Hence our conclusions tended to the procedural: better policy will follow when decision-makers acknowledge a clash of interests, provide information to inform debate, and use evaluation to test outcomes on the presumption no policy remains valid for very long.

There are few things more frightening for an academic than being asked to practice what you preach. In late 1989 I was invited to provide advice on public sector reform by incoming Premier Wayne Goss. It was an unexpected but generous offer, and somehow a six week secondment became a three-year assignment. I remember that first day of the new government, sitting at a desk in a shared office in the Executive building pondering the wonderful closing scene of *The Candidate*, when Robert Redford finds himself elected to the United States Senate and suddenly realises he has no idea what to do next. Learn quickly was the answer, as it proved for two subsequent secondments to government.

Yet working in government provided a rare and welcome opportunity to test academic thinking against practical experience. Would the policy world

behave as theory demanded – or would reality let us down by being different from the books?

Nearly eight years in government later I can suggest three conclusions (drawn from Davis 1995). The first is positive – our empirical description of the policy world proves robust. Public policy textbooks do capture what happens in government as policy ideas meet political needs. Institutions and political interests mediate policy ideas in the way case studies suggest. Where people stand really does depend on where they sit. This lesson I confirmed recently with former student and now federal Citizenship Minister Gary Hargrave, who expressed his delight that pressure groups behave in exactly the self-interested way his lecturers predicted, that policy really is the art of the possible. It means that as an academic enterprise, Australian public policy scholars across several universities have produced a reliable, subtle and useful description of how the players see the public policy world, of how interests collide to produce government policy.

My second lesson was also heartening, though for different reasons. Government, I discovered, is perpetually searching for ideas. Every new issue makes demands on the intellectual capital of ministers and their public service advisers. It is gratifying to observe how these officials – in private often deeply dismissive of universities and all they contain - immediately reach for the academic journals when they hit an unexpected problem. Indeed a great number of government programs begin as academic discussion points. The idea of an income-contingent deferred loan scheme to assist students meet the cost of university study, for example, has its origins in the work of Bruce Chapman at the Australian National University (Edwards, 2001:97ff).

Once in government you begin to perceive the influence of intellectual work on apparently no-nonsense women and men. John Maynard Keynes (1936:chapter 24, v. 5) described this harshly:

Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas.

In almost every field covered by government in Queensland, from nursing to social work to environmental policy, academic thinking filters through, like dappled light that sets the mood. Of course academics themselves are not

always so lucky, often seized upon as the expert who could resolve some long-standing policy dilemma, only to be dropped quickly when their suggestions prove impractical, too expensive or politically inconvenient.

The final lesson from time in government, though, posed some difficult questions about my own field. Academics are great critics. Much writing about public policy dwells lovingly on the false promise of technique, the limits to radical reform and the inevitability of incremental decision-making. Like Oscar Wilde's cynic, public policy scholars risk knowing the problem with everything and the solution for nothing. So what do we contribute to the practice of government? How could we meet that once bright promise of improving policy through better skills?

This dilemma was brought home to me in 1994, when back at Griffith I was approached by a newly appointed graduate trainee in Queensland Health. She knew little about public policy when called to a meeting by her boss. It seemed every State but Queensland had a food nutrition policy, so she was asked to prepare one immediately. As the most junior person in her unit she had been handed the most difficult task. She had read our textbook and so knew all the pitfalls – but how exactly, she asked, should she go about writing a new policy from scratch?

It was a great question. What is the point of a field aimed at practitioners if it has little to offer about getting to better outcomes? Pointing out the errors of current practice is fun, but it avoids the more risky business of suggesting a viable alternative. Yet why should academic work in public policy be taken seriously if it adds nothing of value to its subject matter, the art of government?

So when I returned to government service a few months later, it was with a new determination to mesh academic inquiry with policy application, in a way that would make sense to that graduate trainee struggling with the dilemmas of food nutrition. I was fortunate to find in government a colleague, Peter Bridgman, who shared this aspiration. Together we designed a policy handbook for Queensland public servants, a step-by-step guide to making public policy. Peter then spent some months putting together a draft, written in the simple language of actions, with descriptions of key players, instructions about how the Cabinet process worked, and even phone numbers for help should something go wrong. Each step was grounded in the political process, with suggestions about how to frame advice and when to involve ministers. We assumed a more systematic process would produce better advice to ministers and so, we hoped, better policy

choices. But the policy handbook was also clear about who is in control: public servants advise, ministers decide.

In designing this *Queensland Policy Handbook* we wanted to express the ‘how to’ of policy development in a simple and memorable graphic. We experimented with critical path diagrams and intertwined circles before settling on the idea of a policy cycle, an ever-turning wheel that breaks down complexity into a simple succession of actions.³ A policy cycle stresses that government is a process and not just a collection of institutions. It is description but also recommendation. A policy cycle suggests a normative dimension, a preference for structured thinking, a belief that major mistakes are best avoided by being systematic. Good process is neither necessary nor sufficient for good policy, but it helps. Even if the experience of policy making is rarely as smooth as the model implies, a policy cycle suggests a path through the otherwise bewildering complexity of politics and government.

The *Queensland Policy Handbook* was published by the Office of the Cabinet in 1996. It was launched by Wayne Goss on his last full day as Premier of Queensland. When the single print-run sold out in days, the enthusiastic response made clear a policy handbook could offer useful advice by drawing together policy literature with governmental experience. So Peter and I decided on a more comprehensive version designed for a national audience. An ARC Fellowship at Griffith provided me valuable time to write afresh. *The Australian Policy Handbook* was published by Allen and Unwin in 1998, with a second edition in 2000. In recent months Peter and I have been working on a third edition, to be published early next year. It will be dedicated to our publisher, John Iremonger, who strongly supported the original project, provided crucial editorial advice and was offering ideas for the latest edition until, sadly, he passed away last month.

Asking a Policy Question – the case of university diversity

Can a policy cycle help us think about public problems? This lecture explores that question by examining a particular policy subject, that of university diversity. I do so because in recent months the federal government has declared open season on all the big policy issues around universities.

³ The idea of a policy cycle has a long history, at least back to Harold Lasswell’s 1951 description of policy making as a sequence of intelligence, recommendation, prescription, invocation, application, appraisal and termination. See Bridgman and Davis, 2000:23.

Minister Brendan Nelson has initiated an important policy development process. He has proved more systematic than many of his predecessors, issuing a series of discussion papers on various aspects of the system, to be followed by a ministerial forum in October and a Cabinet submission before the 2003 Commonwealth budget.

This is a good start, and more consultative certainly than previous reform processes in higher education. But let me suggest that, at least on the question of university diversity, the policy process underway has scope for improvement. In particular, I want to illustrate a key but often overlooked feature of policy-making: that embedded in every policy is a theory about how the world operates, an assumption about cause and effect. If the core hypothesis is under-developed or wrong, then no matter how ingenious the policy process or clever the politics, the policy will fail.

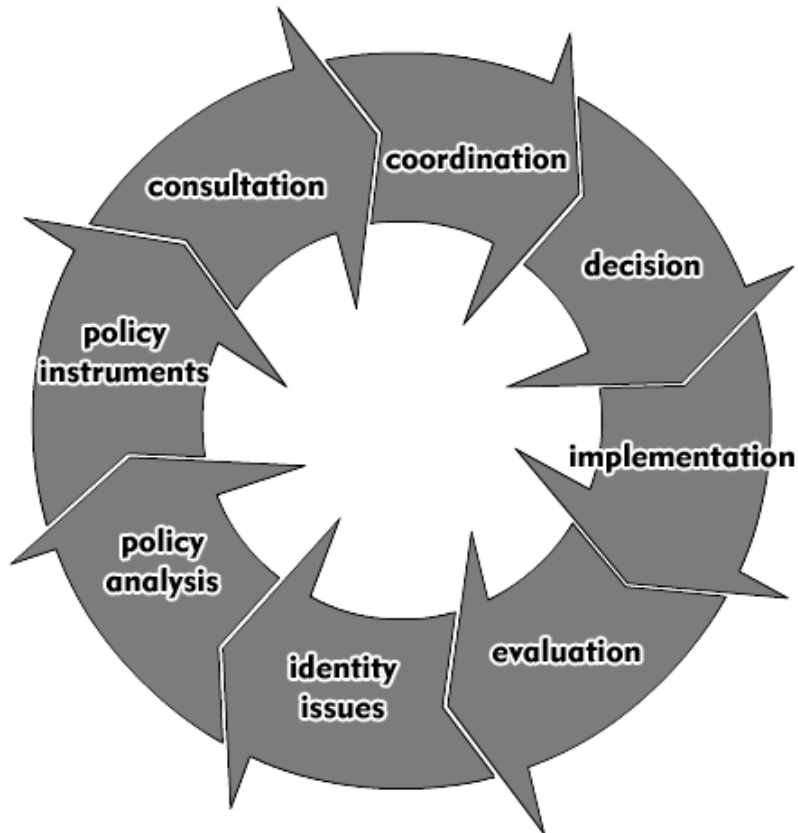
In the case of university diversity, I fear the Minister's underpinning theory about causation needs work. Hence the various policy proposals for greater system diversity floated in ministerial discussion papers must inevitably disappoint. A better hypothesis, though, could produce a more plausible policy. On the principle that criticism should be constructive, I offer a simple theory to explain uniformity among universities, and suggest how this could be addressed through a policy cycle approach.

The Australian Policy Handbook suggests an idealised policy cycle:

- **Identify issues** – those matters government will address are selected for attention from among the myriad of matters pressed on government. Many topics vie for attention but few are chosen. Policy professionals need to understand how issues arise, and how key concerns may be overlooked if they do not attract political interest.
- **Policy analysis** – good decision making about complex issues requires analysis. This is a fundamental stage of the policy cycle, since research and evidence are the basis for developing options and making decisions. Policy analysis implies rigorous method. There are valuable analytic techniques available to public policy practitioners, though judgement must precede application of any such device. How important is this problem and how much effort is justified in seeking a solution?
- **Policy instruments** – the means governments use to achieve their ends. We identify four standard types of instruments – advocacy (arguing for a case), money (using and withdrawing spending and taxing powers), government action (delivering services) and law

(using legislative power). Good policy advice relies on choosing the right mix of instruments for the problem at hand.

- **Consultation** – while consultation occurs throughout the policy cycle, as policy problems are analysed and options emerge, government may wish to test its choice with a wider community. In the consultation step the analysis and suggested response can be subjected to scrutiny.



- **Coordination** – governments strive to work in a coordinated way, so the parts pull together. They institutionalise coordination through routines and structures. Routines are procedures required to test support for a policy proposal. Structures include central agencies that manage consultation and provide an independent view to key ministers.

- **Decision** – finally, it is time for a decision. This is the pivotal point when the analyst's work is judged by cabinet. This step in the policy cycle is made routine through cabinet procedures that test policy and financial viability.
- **Implementation** – good policies are meaningless unless implemented. Policy analysts must consider implementation needs early in the development of a proposal and ensure a credible plan to translate policy from intention to action.
- **Evaluation** – how does government know a policy choice has delivered the outcome sought? Evaluation is the point in the cycle when the utility of a policy must be questioned and a new cycle begins of analysis and adjustment, confirmation or abandonment.

The example that follows focuses on just the first three stages of the policy cycle – identifying issues, policy analysis and policy instruments. If these are not done properly the remainder of the cycle is irrelevant, since good process cannot save bad thinking. Indeed a flawed theory at the core of a public policy may produce a destructive result, just as a remorselessly logical mind, starting from a mistake, will end in Bedlam.

So let us start with a real policy problem, that of diversity among universities. Or, at least, let's assume it is a real problem. Australia has 37 public universities, and a handful of private providers, of varying sizes, missions and locations. In our region alone there are three large metropolitan universities and several regional institutions, each with a distinct mission and defining differences. In South-East Queensland tertiary students can compete for places on large or small campuses, in research intensive or career-orientated programs, face-to-face or through distance learning. Students can stay in regional centres or move to the state capital. While those interested in a general undergraduate degree – business, arts or law, for example - can choose from competing programs, at the level of specialisation institutional strength becomes significant. In Brisbane everyone teaches science but only the University of Queensland has a program in parasitology, only QUT teaches medical physics, only Griffith University teaches aviation.

Education Minister Brendan Nelson is not persuaded such variations are enough. For him, a lack of diversity in Australian higher education is a pressing issue – perhaps the single most important - of the present review. Minister Nelson has devoted a whole discussion paper to the topic, titled *Varieties of Excellence: diversity, specialisation and regional engagement*. His foreword acknowledges some diversity among universities but argues that Australian higher education nonetheless is characterised by duplication and redundant effort; instead of a continuum of choice, he argues,

universities try to be all the same. As a result, there are too many units and subjects with too few students. ‘Surely’, asks the Minister, ‘universities should be encouraged to specialise in particular fields of research, teaching and scholarship rather than be effectively forced by virtue of funding arrangements to offer everything to all possible students’ (Nelson, 2002a:v).

Here is a minister focused on a big policy question. How can we make universities less alike, and so improve student choice? *Varieties of Excellence* starts by rehearsing arguments for more variety. The paper then narrows down its policy goals to systematic and programmatic diversity – meaning different types of institutions within the system, and different choices within institutions. It seeks a ‘spectrum’ of higher education, in which each institution finds its own, distinctive niche. The Minister’s policy goals appear clear if still a little inchoate: a desire for a university system in Australia in which every public university is different in mission, size and program offerings, so that students can choose between, say, a large research-intensive institution or a small, high-quality, teaching-focused institution. Further, the Minister wants universities to fit into the broader education system, creating natural pathways for students with different abilities and ambitions. He assumes this does not happen at present, or not sufficiently. Let us take Brendan Nelson’s goal without equivocation and see where it leads by spinning the policy cycle.

Step One – Issue Identification

At issue identification stage – step one of the policy cycle – Minister Nelson outlined his agenda, the issue that will shape options. Defining a policy agenda is central to the political process. By naming the issue a minister also attributes praise and blame, structures the responses likely to follow, and indicates on what ground the government will contest the political debate. We can only speculate why Minister Nelson selects diversity as a central issue – an intellectual judgement, a chance to reallocate resources within the sector under the name of a higher principle, a personal response to his experience of Australian universities? Perhaps we should recall the injunction from Keller (2001:281) that ‘all educational policy is autobiography’.

Whatever the motivation, Minister Nelson embraces a view long held by education ministers. *Varieties of Excellence* is careful to quote a wide range of authorities in favour of diversity, including Emeritus Professor Peter Karmel, Vice-Chancellor Millicent Poole, submissions to the West review, Professor Simon Marginson, the Australian Vice-Chancellors’ Committee, the World Bank, the Business Higher Education Round Table, the Deary

Committee and the Carnegie Foundation (Nelson, 2002a:11-14). Yet by specifying systematic and programmatic diversity, the Minister seeks to put some boundaries around the diversity debate.⁴ He does not, for example, consider entrenching diversity by rules about what sort of institutions can offer degrees, so creating a clear separation between training providers and universities. Nor does the Minister attack the conventional notion of a university as an institution that necessarily combines teaching with research, as some more enthusiastic commentators have done (see, for example, Chipman 2001). The Minister's goal appears more limited – to change policy setting so that diversity comes to characterise Australian higher education.

Step Two – Policy Analysis

In step two of the policy cycle, policy analysis, a problem is given structure. Advisers set out reasons for the current situation, formulate the problem, set out objectives and goals, identify decision parameters, search for alternatives and propose a solution or options. Supporting all these steps must be a theory about cause and effect. If the university system does not exhibit diversity, what is driving uniformity? And if diversity is so desirable and has been the goal of many previous ministers, why does it prove elusive?

The Minister is right in observing that almost all Australian universities aspire to one model: large, comprehensive, campus-based, research intensive institutions. *Varieties of Excellence* provides many possible reasons but no convincing explanation for this phenomenon. The paper identifies public perceptions, academic drift, funding approaches and the need to attract international students as possible factors encouraging homogeneity. But the analysis is too limited for the paper to develop a coherent view of the current system or options for change. The Minister uses the term 'isomorphism' – meaning the tendency of institutions to imitate each other – but offers no

⁴ As Gavin Moodie (personal communication) notes, there are many possible ways to define diversity. One can distinguish between differentiation, diversity and diversification, or between systemic, structural and programmatic diversity. Some research emphasises dimensions of difference including role or function, location, courses, scope, clientele and sources of funding. In the *Encyclopaedia of Higher Education*, Geiger (1992) notes at least five different types of national systems, those with no differentiation, differentiation within institutions, planned differentiation within institutions, unplanned differentiation and vertical segmentation. It would be fun to pursue this argument about categories, but not relevant. The Minister's definition of specialisation might not be the only available but it is the one he has chosen to pursue and so forms the basis of the analysis to follow.

theory to explain this convergence⁵. Without a hypothesis, *Varieties of Excellence* struggles to provide a coherent program for change.

Bereft of a conceptual framework the paper drifts into lists - types of institutions that might be possible, benefits from regional universities, courses and facilities said to be duplicated - before moving to the topic of regional engagement. The concluding section on options for diversity is short and inconclusive, as it runs up against institutional and political constraints. Enforced rationalisation of courses is rejected as inconsistent with university autonomy. Central planning or state-based planning are raised, as are regional councils. But the paper makes no recommendation. It asserts a problem – insufficient diversity among universities – but struggles to find a policy response.

The Minister too seems tight-lipped about how to meet his goal of greater diversity. At a doorstep interview following release of *Varieties of Excellence*, Minister Nelson seemed to close off a number of possibilities. Once again he talked of encouraging a tertiary system that could accommodate a variety of institutional types, missions and audiences. The Minister raised again the need for rationalising programs and units: ‘we need to ask ourselves whether as a relatively small country we can sensibly afford to offer every course, in every subject, in every university’ (Nelson, 2002b). But when asked by journalists about specific policy options, each was ruled out. To the idea of more planning, the Minister responded that a central objective of his review ‘is to get the Commonwealth Government out of unnecessary control, regulation and reporting requirements on universities’. Diversity must be achieved without creating more bureaucracy. The Minister also rejected any change that might disadvantage regional universities, which limits redistribution of resources within the tertiary system. And Brendan Nelson explicitly ruled out any return to diversity through a binary system. This was ended by John Dawkins in the 1980s, said the Minister, and ‘that egg will not be unscrambled’.

Which leaves the Minister with an interesting problem but no clear solution.

In fact the reasons for convergence are clear and straightforward: this is the model established by the Menzies government in 1957 when it adopted a report by Chairman of the University Grants Committee in the United Kingdom, Sir Keith Murray, and his colleagues. The Murray Committee

⁵ The concept of isomorphism in higher education is developed in van Vught (1996:56), who reports studies showing ‘environmental pressures (especially government regulation) as well as the dominance of academic norms and values (especially academic conservatism)’ as the key causes of university isomorphism.

recommended universities drop their many sub-degree programs and become degree-granting institutions with a research capacity along the lines of universities in Scotland and Germany. The funding model adopted by the Menzies government embraced this program, which has remained the rationale of higher education in Australia. The Dawkins White Paper of 1988 reinforced uniformity, removing the different missions pursued by Colleges of Advanced Education and Institutes of Technology, pushing all institutions to the same broad profile and aspirations. Ironically, a stated objective of the Dawkins reform was to ‘promote greater diversity in higher education rather than any artificial equalization of institutional roles’ (quoted in Meek, 2000:19). The outcome was entirely the opposite, and Australian tertiary education today exhibits the conformity encouraged by nearly half a century of public policy.

Such a finding does not sit comfortably with rhetoric about universities as autonomous communities of scholars. Yet Australian higher education is a creation of government, and sustained by government regulations. Decisions in Canberra, not the choices of universities, produced a uniform system. *Varieties of Excellence* searches everywhere but the obvious place to explain the lack of system diversity. Conformity is a result of ministerial choices.

Consider, for example, the incentives established by successive governments. Ministers of Education know that prestige in the university world attaches to research rather than teaching or community service. For many ministers, including Brendan Nelson, this produces an unfortunate narrowing of higher education institutions as they make research funding their principal objective. Everyone wants to be Harvard rather than, for example, a successful small liberal arts undergraduate college.

Faced with this strong motivation among universities to standardise, ministers might use control over funding to balance research aspirations against other objectives. Canberra could, for example, insist on performance measures for teaching as a condition of a base operating grant, or reward community outreach. But this does not happen – there are few dedicated Commonwealth funds for teaching performance, and only 0.5 percent of institutional grants are awarded for performance in equity and Indigenous support.

Hence the only additional Commonwealth funds available for universities are found in research. Each year Canberra provides \$271 million (or around 5 percent of total expenditure) through the institutional grants scheme for performance in research, and a further \$516 million for the research training scheme. There are further research funds available through Australian

Research Council and National Health and Medical Research Council programs, but no equivalent bodies with such generous budgets promoting teaching or community engagement.⁶ Not surprisingly, winning research dollars becomes the objective of every university and decisively shapes institutional strategy. For a university to specialise in good teaching or outstanding community service rather than research would be to walk away from prestige, peer recognition and, most importantly, the only source of substantial additional public income. Universities full of bright people behave in rational ways. Given current policy incentives, management and academics alike chase research outcomes and the funding that makes them possible. The result is the uniformity Minister Nelson so dislikes.

No doubt other factors influence university conformity, including the variables mentioned in *Varieties of Excellence*. Uninformed student preferences make research reputation the default basis of choice, while the reluctance of students to travel across borders to university limits institutional gain in specialising. Such issues could be addressed through national admission schemes, scholarships that favour those who travel to specialist campuses and dedicated funding for regionally specific teaching programs. Yet such initiatives are secondary rather than central to any informed debate on diversity. The overwhelming influence on university profiles remains the federal funding model. The ghost of Sir Keith Murray haunts the corridors of government still, his spirit embedded in funding formulae.

Good policy analysis gives shape to a problem, establishing its characteristics, drawing boundaries, bringing crucial variables into clear relief. It frames an issue by making explicit the key hypothesis and begins to narrow down plausible policy options. Good analysis may also reach unwelcome conclusions. As the American philosopher C.I. Lewis noted, ‘there is no *a priori* reasons for thinking that, when we discover the truth, it will prove interesting’ (quoted in Moorhouse, 2002:264). If the lack of tertiary education diversity proves a result of ministerial funding decisions, then it is to funding models we must look for a problem solution.

Step Three – Policy Instruments

As *The Australian Policy Handbook* notes, the ‘excitement and bustle of politics and the technical judgement of policy advice must yield eventually to

⁶ The Australian Universities Teaching Committee awarded \$1.2 million in 2001, while the higher education equity program distributed \$5.9 million and the Indigenous support funding program some \$23.7 million. Combined this represents less than 4 percent of the Commonwealth funding for research made available through the institutional grants and research training schemes.

the more measured process of turning ideas into reality if a policy is to take effect in the world' (Bridgman and Davis, 2000:67). Analysis gives way to policy instruments, those mechanisms that translate an intention into government action.

The choice of policy instruments is also when politics becomes important: only some instruments are acceptable. Former Prime Minister Paul Keating famously once said that 'good policy is good politics' but it is unlikely he believed so. Plenty of great policy ideas would mean electoral suicide – requiring what Sir Humphrey calls 'courageous' decisions. Policy instruments inevitably reflect the compromise between policy intention and political sense. Step three in the policy cycle is the point where policy thinking must acknowledge political realities.

Change to a large system, particularly one that consumes more than \$5 billion a year in public money, can seem an exercise in managing technical complexity, using a mysterious calculus that draws together funding, student load, regional representation and any number of other variables. In fact, behind the jargon, there is a simple choice among three policy instruments - more regulation, deregulation or new incentives.

Since the Murray Report, regulation has been the favoured method of Commonwealth control. Federal controls have evolved through several institutional incarnations, not least because universities quickly work their way around any set of rules. The failure of regulation can be seen in the attempt to limit management education to two national schools or in the arbitrary and inefficient distribution of medical training, which is still directed from Canberra.

While Minister Nelson is opposed on ideological grounds to central controls, there is ample evidence a regulatory approach can entrench diversity among higher education institutions. The standard example is the State of California. Its 1960 Master Plan, entrenched in the *Donahoe Education Act*, creates three categories of higher education – community colleges open to all, the California State University, open to the top 33 percent of high school graduates, and the University of California, open to the top 12.5 percent (CSHE 2002). Each has a legislated mission, with a shared commitment to creating pathways for students. A high school graduate could, for example, begin with two years at a community college, complete an undergraduate degree at a California State University campus and then apply for admission to graduate training in medicine or law at the University of California. This regulated system has produced some of the best tertiary education outcomes

in the world, with public universities that rival the wealthiest and most prestigious private institutions.

To make such regulation effective, though, the state must invest in bureaucratic capability. This has not been the trend in Australian public sector management; on the contrary, the past decade has seen a steady shrinking of Commonwealth agency personnel, and a great reluctance to take on detailed sectoral supervision (see Davis and Keating, 2000). Unless Minister Nelson is willing to invest not just in regulatory reform but in rebuilding the capacity of the Department of Education, Science and Training, achieving diversity through regulation is not viable.

Hence much discussion around the Nelson review has focused on deregulation – the argument government should lift remaining restrictions on the system and allow the market to shape institutions. This may mean little more than allowing universities to charge students what the market will bear in the absence of further government largesse. Yet whatever the public finance merits of such an approach, deregulation of fees will not necessarily create diversity. Instead, deregulation will advantage the already advantaged but not change the incentive to be research-intensive. The ability to charge fees may produce a hierarchy of universities, all doing the same things more or less well, competing on price rather than difference.

As Marginson argues (in Meek 1995:6), markets produce homogeneity in higher education. It is a characteristic of the university market that no institution can copyright curriculum. Hence any successful innovation is immediately taken up by competitors, and diffuses quickly through the system. Griffith knows this only too well. As a pioneer in environmental education, the University has watched the University of Queensland and the Queensland University of Technology both move into the field by closely copying Griffith's environmental science degrees. Imitation may be the most sincere form of flattery, but the example shows it is hard to be distinctive over time on content, since specialisation conveys no lasting advantage. Competition for students creates convergence around popular course offerings.

If neither regulation nor deregulation offer real diversity, the Minister might look to a third policy instrument, that of incentives. This is Brendan Nelson's most promising avenue for achieving his goal, though it will require more public money and a funding mechanism to produce system change over time. If he can deliver the first through Cabinet, the second is straightforward to construct. It can be done by changing the funding model and imposing a simple decision rule.

Recall how the Commonwealth supports a \$271 million per year institutional grants scheme for performance in research. Suppose now that Canberra created two additional funds, each also of \$271 million. One new fund would support quality teaching, the other community service. Each would reward performance in an area of core university business using a merit-based approach (Griffith 2002).

The Commonwealth should then mandate that universities can apply for any two of the three funding categories, but cannot contest every category. This rule would force institutions to think through – and act on – their strategic advantages. Many universities would continue to contest the crowded research pool. Others might decide on new combinations, pursuing excellence in teaching and community service. For the first time, it would be viable to be a small but prestigious undergraduate college along American lines, knowing Commonwealth funding schemes could support this choice. Universities would begin to take on a range of profiles, contesting only those funding pools in which they have some prospect of success.

By providing a broader range of incentives – and, crucially, by requiring universities to choose – diversity could flourish. The existing block funding would preserve infrastructure already invested in public universities, while new funding could spur difference. Further, the evaluation necessary to allocate money from each fund would create rankings for every Australian public university across three core missions: research, teaching and community service. Such rankings could be published, and so provide the community with a more realistic and detailed picture of the distinctive strengths of each public university. More and better particulars might have interesting effects on perceptions about the comparative performance of universities.

If adopted, the next steps of the policy cycle would follow – consultation with the sector, stakeholders and other Commonwealth agencies, coordination through a cabinet submission process followed by a cabinet decision, implementation through the Department of Education, Science and Training and, ultimately, evaluation, modification and the start once again of the cycle.

Is this the only way to achieve diversity in the sector? Of course not. Policy studies typically reveal multiple ways to the same goal. What it does show is unless the Minister gets clarity of analysis at the second step of the policy cycle, he cannot achieve his stated goals. It is no doubt inconvenient to realise government is the cause of system uniformity, but the same analysis

shows how government can break the pattern by rethinking incentives. New funds and a decision rule could ensure system diversity.

Conclusions

Michael Keating (1996:63), former Secretary of the Department of Prime Minister and Cabinet, observes that ‘a good policy process is the vital underpinning of good policy development. Of course, good process does not necessarily guarantee a good policy outcome, but the risks of bad process leading to a bad outcome are very much higher.’

With *Higher Education at the Crossroads*, Brendan Nelson began a good policy process – open, consultative, inquisitive and comprehensive. There is every prospect of reforms that will influence higher education for decades to follow.

To make a difference on the question of diversity, though, the Minister needs a theory, an explanation of cause and effect in higher education behaviour. Without a hypothesis about why universities are similar, change is unlikely. As the Minister has discovered, diversity is a contentious issue. Indeed the Australian Vice-Chancellors’ Committee argues there is ‘no single solution’, and government must instead create a policy environment that ‘allows for many different, but effective, approaches targeted at the needs of each group of students’ (AVCC, 2002:1). Others see an even more difficult task ahead, given governments are not inclined to support greater spending on higher education. In the words of British Professor Alison Wolf, in her book *Does Education Matter?*:

It is one thing to inherit a highly diverse system of public and private universities, as the Americans have, and quite another to encourage divergent funding in a de facto nationalised one, against a backdrop of political opportunism and voter anger. (Wolf, 2002:41)

In any policy review, eager solutions float around seeking a convenient problem. Deregulation is such a ready-made solution, dragged out from bottom drawers everywhere to be stuck, limpet-like, to the promising problem of diversity.

Yet simply deregulating fees will not create meaningful diversity. Australian tertiary institutions will still all aspire to the same model, that of a large and comprehensive research-intensive university. Deregulation will affect the

capacity of particular institutions to realise their mission, but not the underlying ambition.

Hence the argument in this paper: significant further diversity is unattainable while federal funding promotes just one model of a university. This is the absent hypothesis, the missing piece of the policy puzzle. But the answer has been in the hand of ministers all the time, for what government create they can reform. The funding model that encourages uniformity can be reworked to encourage strategic choice by universities. By establishing new performance funding pools and requiring universities to choose, Minister Nelson can achieve his spectrum of institutions.

When ideas are missing, policies disappoint. They struggle to meet objectives or are overwhelmed by unanticipated consequences. But when policy analysis throws up new ways of seeing familiar problems, and tests these through a policy cycle, then government action can indeed build on the ruins of failed earlier hopes, as advocates of public policy believed so fervently. Minister Nelson has created momentum for significant change. With the right theory he can deliver better higher education for Australia. There are few more gratifying moments in government, in a world in which a little learning is still a dangerous thing.

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Professor Glyn Davis



Professor Glyn Davis has been Vice-Chancellor of Griffith University since January 2002. He is also Interim Chair of the Australia and New Zealand School of Government.

Professor Davis was previously Director-General of the Department of Premier and Cabinet in Queensland, a Member of the Great Barrier Reef Marine Park Authority and a Director of the Southbank Corporation.

Professor Davis holds first class honours in political science from the University of New South Wales and a doctorate from the Australian National University. He was a 1987-88 Harkness Fellow in the United States, working at the University of California Berkeley, the Brookings Institution in Washington and the Kennedy School of Government at Harvard University.

Glyn Davis joined Griffith University as a lecturer in 1985, teaching politics and public policy and, subsequently, working as an Australian Research Council Fellow. He was appointed a Professor of the University in 1998, before taking leave to head the Department of Premier and Cabinet.

During several secondments from Griffith, Professor Davis held a range of senior posts with the Queensland State Government. From 1995 to 1996 he was Director-General of the Office of the Cabinet, and from 1990 Commissioner for Public Sector Equity with the Public Sector Management Commission.

Professor Davis was a member of the Republic Advisory Committee, which presented its report to then Prime Minister Keating advising on options for an Australian republic in October 1993. Professor Davis has served on a range of boards, including the Queensland Symphony Orchestra. His consultancy work includes reports for national and international policy organisations, such as a study of consultation mechanisms for the OECD in Paris.

His most recent books are a second edition of *The Australian Policy Handbook* (with Peter Bridgman, 2000), *The Future of Australian Governance: policy choices* (coedited with Michael Keating 2000) and *Are You Being Served? State, citizens and governance*, (co-edited with Patrick Weller, 2001).

Professor Davis was made a Companion of the Order of Australia (AC) on Australia Day 2002.