HIGHER EDUCATION, NEO-LIBERALISM AND THE MARKET CITIZEN

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This dissertation is presented for the degree of Doctor of Philosophy of Murdoch University, Western Australia, 2009
I declare that this dissertation is my own account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.

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ABSTRACT:

Competition and success in the neo-liberal, globalised world both require and are contingent upon a new kind of citizen - a citizen for whom economic rather than political participation is privileged. The ‘imperative’ of neo-liberal globalisation demands that all domains of social and human activity become oriented towards maximising international economic competitiveness to ensure economic security and prosperity- and hence success. As the new globalised economy is increasingly argued to be a ‘knowledge economy’, it is education and skills - or human capital - which are important for maximising competitive advantage. Thus higher education has very particular roles in ensuring the nation’s international economic competitiveness – in developing the higher order skills necessary to workers in the knowledge economy, and in producing the innovation that a successful knowledge economy requires. Also, because of the role of higher education in the development of character – that is, the development of the subjectivities of citizenship - a study foregrounding the relationship between higher education and economic citizenship is particularly relevant.

This thesis makes a contribution to this issue both empirically and theoretically. Empirically, it considers the manner in which higher education policy – both internationally and in Australia – has become focussed upon maximising the nation’s international competitiveness in global capitalist markets through the development of human capital, and through research for innovation. It also considers the impact on staff and students. For, as a means of augmenting national competitiveness, higher education institutions have been reformed and restructured so as to govern individuals and institutions into more entrepreneurial practice. Institutions and staff are required to exhibit entrepreneurial practice in the interests of competitive advantage in the knowledge economy - through innovation, through the commercialisation of research, and through promoting and expanding the sale of education services.
Theoretically, it reflects on the complex interactions between higher education and its associated policy changes over recent decades, and the changing conditions and subjectivities of citizenship. It draws upon a number of disciplinary terrains – higher education policy studies, citizenship theory, political economy, and post-structuralism (particularly the governmentality literature) - to contribute to the critical analysis of the relationship between citizenship and higher education at the beginning of the twenty-first century.

Citizenship is essentially about belonging - about membership of a community organised around national, political, social, and ethical axes. It is therefore constituted by “rules and norms of inclusion and exclusion” (Isin and Turner, 2000: 2). These rules and norms extend beyond the formal legal status of citizenship and include not only the political and social dimensions of citizenship, but also its ethical dimensions. The thesis argues that rather than inclusion in the ethical community of citizenship being a matter of the status of the rights bearing individual – as has traditionally been the case for liberal citizenship – ethical inclusion has become performative, with active economic participation a condition of inclusion in the ethical community of citizenship. This constitutes a new normative practice of citizenship – neo-liberal citizenship. The analysis makes use of the governmentality literature to illuminate the manner in which individuals are governed to adopt particular politico-ethical norms of conduct – that is, particular subjectivities of citizenship - to constitute them as active economic agents, that is, as neo-liberal citizens. Citizenship is reconfigured around the axis of the economy and the citizen becomes an economic, rather than a political, subject.

The thesis concludes with reflections on the relationship between higher education – the university - citizenship and democracy, arguing that neither neo-liberal citizenship nor an economically rational future for higher education is assured; rather, that the virtuous circle of higher education and democratic citizenship remains immanent in pluralist politics.
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Raymond J. de S. Dudley
(1948 – 2002)

He was a verray parfit gentil knyght
Universities are not just supermarkets for a variety of public and private goods that are currently in demand, and whose value is defined by their perceived aggregate financial value. We assert that they have a deeper, fundamental role that permits them to adapt and respond to the changing values and needs of successive generations, and from which the outputs cherished by governments are but secondary derivatives. To define the university enterprise by these specific outputs, and to fund it only through metrics that measure them, is to misunderstand the nature of the enterprise and its potential to deliver social benefit.

(Boulton and Lucas, 2008: 17, para 62)
CHAPTER 1: INTRODUCTION

This dissertation investigates the relationship between higher education, globalisation and neo-liberalism, and citizenship. It illuminates the manner in which higher education is increasingly bound to and constrained by the economic objectives of the modern state – the “competition state” as described by Cerny (1990: 204 - 232). In policy documents and commentary, both across the Organisation for Economic Cooperation and Development (OECD)¹ and in Australia, higher education reform and policies conceptualising higher education as a means to achieving national economic priorities are presented as necessary and inevitable responses to the imperative of globalisation. Rather than an end in itself or a social undertaking directed variously towards the personal development of the student, to the advancement of knowledge as an end in itself, or to the cultural, civil and civic life of society, higher education is increasingly considered to be an element of the economy, a contributor to the economy of the nation and the competitiveness of that economy, and an economic enterprise itself.

There are two ways in which the neo-liberal competition state facilitates the market. First, institutions and practices should be market based and market led; and second, the individual has to be similarly market led and market oriented. This means that the individual citizen’s principal relationship is with the market. This is in contrast to the traditional understanding of the citizenship relationship being with the state. This further suggests that in the neo-liberal world citizenship has been or is being reconfigured; that in the neo-liberal world there is a new kind of citizen.

Higher education has a very particular role as it is a key site of citizenship formation – that is, it is a key site for the development of the subjectivities of citizenship. The aim of this dissertation is to examine higher education policy foregrounding the relationship between higher education and economic or ‘market’ citizenship (Jayasuriya 2006).
It was no mere coincidence that the titles of both Britain’s Dearing Report (Higher Education in the Learning Society, 1997) and Australia’s West Review (Learning for Life, 1998) were premised upon the notion of lifelong learning. This organising principle – variously, ‘lifelong learning’, learning for life’ and ‘the learning society’ – is a recasting of the privileging of the economic that has been characteristic of OECD countries since the late 1970s.

Since at least the early 1980s, public policy in Australia has been dominated by the discourses of neo-liberalism and neoclassical economics - referred to in the UK as ‘Thatcherism’, and in Australia as ‘economic rationalism’ (Pusey, 1991). In the 1990s ‘globalisation’ - a grand narrative of incorporation into a global capitalist economy – became the imperative driving policy. This is a form of neo-liberal economic fundamentalism, a discourse which privileges ‘the market’ - an international capitalist market place of free trade, unfettered by national regulation. It is this global market which becomes the paramount principle to which all societies must become subject and which all public policy must be organised around.

This policy framework can be understood in terms of “changing governmental perspectives of the problem of national economic management” (Hindess, 1998: 210). The postwar Bretton Woods Keynesian consensus was the apogee of the long held western understanding of distinct free-market national economies as self-contained, self-regulating systems which generated resources and wealth conducive to the prosperity and security of the society and the state. The economy, the state and society were discrete, albeit interdependent, domains of human activity with sui generis, unique and dissimilar governmental imperatives. Accordingly, government and governmental practice differed in these domains.

However, following the breakdown of the postwar Keynesian settlement, the last decades of the twentieth century were characterised by significantly higher levels of international trade than had been experienced previously, together with a globally
integrated financial system with unprecedented global flows of finance, financial investment and capital. At the same time, more sophisticated economic modelling and accounting practices enabling disaggregation of national and international economic activity called into question the notion of national economies as essentially stable and self-regulating systems.

The focus of this new public policy orthodoxy is protecting national economic interests within a supra-national market economy. At issue is enhancing the international competitiveness of national economies in an increasingly integrated global capitalist market place. In order to improve the efficiency and competitiveness of the national economy the focus shifts from macro-economic management at the national level to microeconomic reform – not only in those domains acknowledged to be economic but in all aspects of societal life. In the interests of international competitiveness, the economic imperative extends into policy areas previously thought separate and non-economic in character.

An economic rationality becomes the principal and organising framework of policy. Education policy is a particular focus of this economic rationality, because of education’s perceived role in the restructuring of national economies in the interests of efficiency, innovation, productivity and global competitiveness. Education policy is no longer a separate domain with policy determined according to educational principles, because education is no longer acknowledged as a unique activity. Rather, education is conceptualised as an element of the micro-economy. In the new globalising economy – which is also a ‘knowledge economy’ (OECD, 1996a) – education, and particularly higher education, has not only the role of providing skilled workers for the economy but also of generating new and innovative products and production methods. The assumptions are that innovation together with the productivity and work orientation of skilled workers will enhance national competitiveness in the international capitalist market-place. Accordingly, education policy – be it schools policy, vocational training, technical and further education or higher education – has been reformed and restructured.
Since the 1980s higher education policy in Australia has been characterised by a shift away from the post WWII settlements of Murray (1957) and Martin (1964). Prior to the reforms of the 1980s, higher education in Australia had been essentially an elite system organised around the binary divide between research Universities and the ‘applied’ institutions or colleges – Colleges of Advance Education in Australia (CAEs). The new post-Dawkins settlement was a mass post-binary system which was, paradoxically, more deregulated and internally competitive yet more tightly articulated into an economic role as a ‘driver’ of international economic competitiveness. Rather than ‘ivory towers’ higher education institutions were reconstituted as ‘enterprise’ universities, entrepreneurial and market oriented (Slaughter and Leslie, 1997; Marginson and Considine, 2000)

Whilst a particular focus of this dissertation is higher education policy in Australia, this shift to policies of neo-liberalism has been an international development characteristic not only of the Anglo-Celtic liberal democracies, for example UK, USA, Australia, Canada and New Zealand (Smart, 1991: 98; Raab, 1993; Slaughter and Leslie, 1997; Marginson and Considine, 2000), but broadly across the industrialised world (Sidhu, 2006; Santiago et al., 2008a; 2008b).

In these new enterprise universities staff, students and the universities themselves are required to become active and entrepreneurial economic agents. However this new entrepreneurial /economistic form of social participation is not unique to higher education or even education more broadly; rather, across all domains of social policy individuals – citizens – are required to become active agents participating in economic activity. Variousy adopted across the OECD there is an integrated policy framework oriented towards promoting economic participation – a triangular framework of active labour market programs, active social assistance policies, and education and training policies with particular emphasis upon lifelong learning.
I argue that this new orthodoxy with its privileging of active economic participation is re-constructing citizenship, with a shift from a more social and political to a more competitive and economically entrepreneurial mode. Competition and success in the globalised world both requires and is contingent upon a new kind of citizen - one with a competitive entrepreneurial spirit, one who is an active economic agent. In other words, competition and success in the globalised world both requires and is contingent upon a form of active citizenship in which economic rather than political participation is privileged. This means that citizenship is reconfigured around the axis of the economy and the citizen becomes an economic, rather than a political, subject. Jayasuriya (2006: 2) describes this particular construction of citizenship – that is, of a new economic subject articulated into an internationally competitive economy - as ‘market citizenship’.

At the core of my thesis, therefore, lies the intersection of the discourses of economic globalisation and neoliberalism, and the performative constitution of citizenship as active economic engagement/ economic activity and the attendant governance of citizens. I argue that this relationship between active economic participation and membership of the moral-ethical citizenship community is conditional upon the citizen contributing to the competitiveness of the national economy – in this case, by developing her human capital through higher education. This human capital in turn contributes to the peace, prosperity and order of the national community through enhancing the international competitiveness of the nation in the globalised economy. Not only is the learner – that is the student – an active economic subject, so too are academic staff and researchers, whilst the institutions or universities themselves are similarly reconstituted as entrepreneurial economic corporate citizens.

Building on the contributions which writers such as Hindess (1998), Jayasuriya (2006) and others have made concerning the shift in political rationalities and mode of citizenship from the political to the economic, this dissertation provides an elaboration of how this shift has been played out in the domain of higher education. The economic character of citizenship is played out in a range of policy
domains. However because of the particular role of higher education in the development of character, a study foregrounding the relationship between higher education and economic citizenship is particularly relevant to our understanding of the manner in which the subjectivities of citizenship are formed and developed.

The overt concern of education for citizenship – for example school based civics and the citizenship education, which has been the focus of resurgent interest in both Australia and the UK since the 1980s - is not however the subject of this study. (Examples of this policy focus include Education for Active Citizenship, (1989), Active Citizenship Revisited (1991) Whereas the People: Civics and Citizenship Education, (1994), The Discovering Democracy School Materials Project, (1997), Encouraging Citizenship (1990), The Crick Report (1998) The National Civics and Citizenship Forums (2005-2008) and the like.) Nor does it focus on the manner in which universities should explicitly be concerned to create virtuous or democratic citizens (see for example, Arthur (2005) and Colby et al. (2007) respectively). Rather, my discussion centres upon the discursive construction of subjects who, through particular practices and forms of education - that is education for economic activity – are enabled to contribute to the order, security and prosperity of the state and hence ‘qualify’ for membership of the moral and ethical community of citizenship.

Sources
The study draws upon a number of disciplinary terrains – higher education policy studies, citizenship theory, political economy, and post-structuralism (particularly the governmentality literature). It relies on analysis of higher education policy documents – both Australian and international - together with the analyses of higher education policy undertaken by the OECD. I have made considerable use of the higher education policy studies secondary literature – in this, the work of Slaughter and Leslie (particularly Academic Capitalism: Politics, Policies and the Entrepreneurial University (1997)) and also Marginson and Considine’s The Enterprise University:
Power, Governance and Reinvention in Australia, (2000) have been a significant influence.

Organisation of the dissertation
The dissertation begins with an overview of globalisation, neo-liberalism and their relationship with the modern state (Chapter Two). It analyses the ‘imperative’ of globalisation as a discursive political project and demonstrates the congruence between the policy agendas of neo-liberalism and learning for life (that is, the learning citizen). Chapters Three, Four and Five then provide an overview of the changing character of higher education, both internationally and in Australia - its objectives, organisation, funding and governance. They illustrate, in some detail, that higher education institutions are being reformed and restructured according to market principles – not only in terms of education for human capital appropriate to international economic competitiveness, but also in the shaping of staff and academic institutions as economically entrepreneurial actors. Through innovation and the commercialisation of research, or through promoting and expanding the sale of education services, higher education institutions are incited to act as corporate economic citizens.

The focus then shifts to consider the part played by higher education in creating the new liberal subjects whose practices of citizenship are commensurate with the dominant discourses of neo-liberalism and globalisation. Chapter Six outlines the dominant understandings of citizenship which have characterised modern liberal democracies for much of the twentieth century, and sketches the relationship between citizenship and education and more specifically higher education.

This is followed in Chapter Seven by a review of the broad spectrum of active labour market, social assistance, and education and training policy recommendations of the OECD. These policies, intended to address issues of unemployment, social exclusion and social cohesion, form the neo-liberal policy context within which higher
education developments and the new forms of citizenship take shape and form and help deepen out understanding of the changing nature of citizenship.

Chapter Eight offers a meta-theoretical interpretation of that which has been presented in the preceding chapters, by considering the rationality of rule whereby citizenship has been reconfigured to a ‘market’ citizenship which privileges economic activity. The chapter thus provides a deeper understanding of neo-liberalism as a distinct turn in a broader liberal rationality. Drawing on Foucault, it provides a discussion of the nature of governance and subjectivity, with a focus on the particular forms of political rationality associated with the differing priorities of the state over time, and the attendant politico-ethical norms – effectively, the subjectivities of citizenship.

Chapter Nine is a series of concluding reflections which bring together the elements of the intersecting relations between neo-liberalism, higher education and citizenship. In summary, the thesis has argued that the neo-liberal re-constitution of citizenship privileges active economic participation as a condition of inclusion in the ethical community, and that this represents a fundamental shift in the principles and practices of citizenship. And that the very particular nexus between citizenship and higher education is a significant element in the reconfiguring of citizenship in accord with neo-liberal principles and market based contractual relations.

However, I conclude that neither neo-liberal citizenship nor the economically rational future of the university is certain. Governing through freedom is inevitably precarious and unstable whilst citizenship is always contested – always a site of containment and possibility. Similarly and necessarily, the role of the university will be contested for it too is a site of containment and possibility. Therefore whilst there are both dystopian and utopian possibilities for the future of the university and higher education – and for citizenship - I remain hopeful that the democratic impulse will prevail.
ENDNOTES

1 Based in Paris, the OECD is a highly influential inter-governmental policy organization whose recommendations are regularly endorsed by the governments of member countries. Its mandate is:

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus contribute to the development of the world economy;
- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

(Article 1 of the OECD Convention, quoted in Jeannotte 2000: 64)

The following material, quoted from the OECD web site, provides not only information about the history of the OECD history and the breadth of its policy research, but also illustrates its commitment to globalisation and neo-liberal economic policies.

“The Organisation for Economic Co-operation and Development is a unique forum where the governments of 30 market democracies work together to address the economic, social and governance challenges of globalisation as well as to exploit its opportunities.

The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and co-ordinate domestic and international policies. It is a forum where peer pressure can act as a powerful incentive to improve policy and which produces internationally-agreed instruments, decisions and recommendations in areas where multilateral agreement is necessary for individual countries to make progress in a globalised economy.

[...] The OECD grew out of the Organisation for European Economic Co-operation (OEEC), which was set up in 1948 with support from the United States and Canada to co-ordinate the Marshall Plan for the reconstruction of Europe after World War II ....

Created as an economic counterpart to NATO, the OECD took over from the OEEC in 1961 and, since then, its mission has been to help governments achieve sustainable economic growth and employment and rising standards of living in member countries while maintaining financial stability, so contributing to the development of the world economy.

In recent years, the OECD has moved beyond a focus on its 30 member countries to offer its analytical expertise and accumulated experience to more than 70 developing and emerging market economies.”

http://www.oecd.org/document/18/0,2340,en_2649_201185_2068050_1_1_1_1_00.html/
(Accessed 11 December, 2006)

The following policy domains or “themes” form the basis of the OECD’s current research: aging society, agriculture food and fisheries, biotechnology, competition, corporate governance, corruption, development, economics, education, employment, energy, enterprise industry and services, environment, finance, growth, health, information and communication technologies, insurance and pensions, international migration, investment, public governance and management, regional rural and urban development, regulatory reform, science and innovation, social issues, sustainable development, taxation, trade and transport.

The thirty OECD member states (at the end of 2009) are:
Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

http://www.oecd.org/pages/0,3417,en_36734092_36761800_1_1_1_1_1_00.html
(Accessed 16 July, 2009)

2 James Arthur and the contributors to his edited collection (Arthur, 2005) are concerned with the role of higher education in the development of, and explicit teaching for “character”, ethics, “principles of citizenship and civic responsibility” (Arthur, 2005, p1). Whilst their focus is upon the role of higher education in the shaping of a very particular form and set of practices of citizenship, implicit in the contributions – indeed an assumption of the contributions – is that higher education is a central site of citizenship formation. Similarly, the underlying premise
of the research and discussion presented in *Educating for Democracy* (Colby et al., 2007) is that higher education institutions are central to the construction of citizenship.
Globalization – the international integration of communications and economies – has become a recognized phenomenon; indeed a cliché. Nation-states are losing some traditional roles; control over flows of information and perhaps, the definition of cultural values; many aspects of independent economic management; and the capacity significantly to shift the distribution of income and wealth.

These trends are, however, exaggerated especially among both free market and Marxist ideologues, for whom the creation of a truly global capitalist system represents the fulfilment of dreams or dire predictions. Reality is more complex.

(Cable, 1996: 133)

It seems that the ‘knowledge economy’ is an idea whose time has come; nudged and patrolled by world policy institutions like the World Bank, OECD, International Monetary Fund etc, national governments the world over have earnestly taken on the task of transforming their economies and societies in accordance with its implicit prescriptions.

(Peters, 2001: 6)

Introduction

In policy documents and commentary, both across the OECD and in Australia, higher education reform and policies conceptualising higher education as a means to achieving national economic priorities are presented as necessary and inevitable responses to the ‘imperative’ of globalisation. This chapter investigates and analyses globalisation and its relationship to neo-liberalism, arguing that ‘globalisation’ is as much an ideological project as it is reality. The latter section of the chapter goes on to consider in turn, the globalised Knowledge Economy, and the learning for life that this new knowledge economy is argued to require; and finally the particular role of higher education in producing the innovation a successful knowledge economy requires.

The reality of globalisation is that of an increasingly interconnected and interacting world, across all domains of social life – the political, the economic, the social, the
However, Cable (1996) suggests that it cannot be understood solely in terms of expansionary Western capitalism; rather, it is a contested phenomenon - both as a concept within the academic domain, and also as a practice with respect to its political power and effect. Held at al. (1999) analyse the complexities of globalisation in terms of three ‘distinctive accounts’ of globalisation – the hyperglobalist thesis, the sceptical thesis and the transformationalist thesis. Whilst there is considerable disagreement within each, the accounts are broadly as follows:

- the hyperglobalist position presents globalisation as a new and distinctive period in which a global economy, qualitatively different from earlier forms of internationalism, is emerging, together with the declining significance of the nation state as a basis of and for social organisation;
- the sceptics argue that the forms of free market capitalism presently being experienced have existed before – particularly at the end of the nineteenth century – and that the inevitability of globalisation is more of a political project that a natural reality; whilst
- the transformationalists take the position that the deepening and intensification of global interconnectedness is unprecedented, and that whilst there are no certainties regarding the particular outcomes of current developments, a new world is being constituted, and this new world will be fundamentally changed – politically, economically, socially, culturally.

Contemporary globalisation is certainly characterised by variously unregulated flows of capital, individuals, information and culture around the world – in particular the free flow of capital across national borders, effectively the denationalisation or de-territorialisation of capital and economic activity. This capital mobility is accompanied by changing regimes of national sovereignty and autonomy – not only in the domain of the economy but also in domains such as international law and the environment, with an accompanying denationalisation of sovereignty. A further dimension of contemporary globalisation is the speed, extent,
volume and constant flow of ‘information’ around the world. These information flows contribute to and facilitate not only the mobility of capital, but also the development of an increasingly multilayered and interlinked civil society of NGOs organised internationally, regionally, nationally and locally. Whilst the extent and intensity of these developments is contested, capital flows, migratory flows, flows of information and the emergence of virtual communities typify contemporary globalisation. Thus McGrew (1992: 23) considers globalisation to be:

the multiplicity of linkages and interconnections between the states and societies which make up the modern world system. It describes the process by which events, decisions, and activities in one part of the world can come to have significant consequences for individuals and communities in quite different parts of the globe. [...] On the one hand it defines a set of processes which embrace most of the globe or which operate world-wide; the concept therefore has a spatial connotation. [...] On the other hand it also implies an intensification in the levels of interaction, interconnectedness or interdependence between the states and societies which constitute the world community.

Similarly, Held et al (1999: 15) define globalisation as

...a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions ... generating transcontinental or interregional flows and networks of activity interaction, and the exercise of power.

Whilst culture is an essential dimension of globalisation, global culture cannot be reduced to a mere ‘Americanisation’, imposed by the US or the West, a form of cultural and economic imperialism. Whilst acknowledging that globalism/globalisation is western in origin (and continues to favour the West) non-western cultures and societies have not been passively incorporated into a western hegemony, but have actively engaged, through unique and particular local cultural, economic and political contributions, in transforming and reshaping western influences into a global culture. Culture is actively produced, and the forms and expressions of global cultural practice are not solely under the control of the West. Robertson argues that:

rather than emphasizing the crystallized structure of the world system ... [it is necessary to stress] the processes of globalisation and the continuing
contentiousness of the global order ... varying responses to globalisation influence that very process, so that its direction and outcome, and hence the shape of the global field itself are still very much 'up for grabs'.

(Robertson in Spybey, 1996: 20)

Robertson is thus particularly concerned to emphasize the interactiveness and reflexivity of global and local practice, "the 'interpenetration' between global cultural flows and local cultural patterns" (Spybey, 1996: 6). At all times, his arguments suggest, the global is local and the local is global. It is in this interpenetration of the global and the local that the current form of globalisation is claimed to be qualitatively different to earlier patterns of economic interdependence. Such relations were 'inter-national' rather than 'global', and most often reflected western hegemony and/or imperialism. International interdependence in earlier centuries, such as colonial relationships, also differed in the ways in which the local or traditional were affected. Thus, argue the transformationalists (such as Giddens (2000), economic interdependence alone does not equal globalisation; rather, other elements, particularly the interpenetration of western and local cultural and economic practices, are necessary to any notion of global culture or globalisation. Similarly, a focus upon the cultural or social alone is itself inadequate. The interpenetration of the cultural, the social and the economic are necessarily elements of globalisation also.

Whilst acknowledging this reality, my focus in this chapter is principally upon economic globalisation. Here I concentrate on hyperglobalist accounts of globalisation, such as that of Ohmae (1995), together with critiques of globalisation such as Hirst and Thompson (1996; 1999), Gill (1995, 1999, 2000), Robison (2006), Gamble (2006) and others. More specifically, I concentrate upon economic globalisation as a political project, or discursively constructed narrative.

**Economic Globalisation and Neo-liberalism**

The complementary narratives of economic globalisation and neo-liberalism are characterised by the privileging of an economic logic, in which society is dominated
by a global market economy, the sovereignty of the nation state is challenged, and globalisation is positioned as an ungovernable phenomenon which nation states cannot control, but to which they can only respond or react. The 'neutral' global market becomes the paramount organising principle to which all societies must become subject. Hirst and Thompson (1996: 176, 31) (who are sceptics) describe the narrative of globalisation as:

an anti-political liberalism. [...] realiz[ing] the ideals of mid-nineteenth century free-trade liberals ... that is, a demilitarized world in which business activity is primary and political power has no other tasks than the protection of the world free trading system

[...] [This anti-political liberalism benefits the] well off and privileged .... Those with professional qualifications and technical skills [who] ... have greater room for manoeuvre .... The 'club class' with managerial expertise, though relatively few in number are the most obvious manifestation of this inequity....

McGrew (1992: 23) cautions against the uncritical acceptance of globalising forces as operating beyond human control:

[I]t would also be inaccurate to conceive of globalisation as some kind of teleological process or set of processes. The idea that globalization incorporates some predetermined historical logic which is leading inexorably either to the creation of a world society or to some kind of world government is simply not tenable.

Similarly, rather than globalisation as inevitable, necessary and irreversible, Gill argues that globalisation (“the dominant discursive formation of our time” (Gill, 1995,)) is a political project which is concerned to restructure the state and civil society, culture, politics and the global economy in ways that foster and enhance the power of transnational capital.

Whilst globalisation is thus a political and contested terrain, it remains the case that the globalised capitalist economy of the late twentieth century and early twenty-first century in fact represents a fundamental reordering of the post-war Keynesian social contract which was characterised by national economies, national policies and national action. The years between 1945 and the early 1970s were a long period of economic
stability and prosperity for western nations. Often referred to as ‘The Long Boom’, the Keynesian/Fordist settlement or “embedded liberal compromise”¹ between capital and labor, of mass production and mass consumption, was reinforced and supported by welfare state provisions. The character of the welfare state varied according to the specifics of the national circumstances and traditions - thus the Beveridge model of the UK welfare state and the Australian "workers' welfare state" (Castles, 1988) each reflected the cultural and political assumptions of their particular societies. In each case, the objectives of public policy were broadly, to ensure "... the general maximization of welfare within a national society” (Cerny, 1990: 205 - emphasis added).

Over the decade or so between the early 1970s and the early 1980s, this Keynesian /Fordist compromise unravelled as a result of the collapse of the Bretton Woods international monetary system; the Organisation of Petroleum Exporting Countries (OPEC) oil crisis and the subsequent oil price rises; the internationalisation of financial markets and the abolition of exchange rate controls; 'deindustrialisation'; the rise, particularly in Asia, of the newly industrialized countries (or NICs); pressures for free trade and market deregulation; and new post-Fordist models of flexible non-standardised production (Hirst and Thompson, 1996: 5; see also Cerny et al. 2005: 8 & 9; 13 & 14; Gamble, 2006: 22 - 24). These, together with the ensuing stagflation (inflation and elevated levels of unemployment, particularly long term unemployment) in the western industrialized countries resulted in both new paradigms of economic interaction and new international economic and trading relations (Cerny 2004: 8 & 9; Robison, 2006: 3 & 4).

Following this, the late twentieth and early twenty-first century came to be characterized by changing patterns of production. The nationally based mechanized assembly line manufacture of Fordist mass production was displaced by post-Fordist models of more ‘flexible’ production, niche marketing and manufacturing, and the new international division of labour or NIDL (see Fröbel et al., 1980; Caporaso, 1987). This model of 'tailoring' production more closely to the demands of international
competition, was based on developments in computer technologies, laser technologies, communications technologies and the like. Production became increasingly global - components being manufactured and/or assembled in factories and plants located in different world locations.

These new forms of capitalist production are characterised by global rather than national capital, and by multinational companies (MNCs) and/or transnational companies (TNCs), rather than national, or nationally based international companies. There is also a corresponding new capitalist class (the transnational capitalist class (TCC)) whose investment decisions are influenced by transnational economic practices, and principles of efficiency and productivity rather than by national loyalties. Finally there is an accompanying culture /ideology of consumerism (Sklair, 2001)

Ohmae (1995) argues that the single integrated global market and its single global culture are inevitable and natural - both human destiny and an evolutionary inevitability. His ‘borderless’ economy generated through and by the four ‘I’s’ – flows of investment, industry, information, and individuals across national borders – inevitably leads, he argues, if not to the end of the nation state, at least to its substantially diminished sovereignty and autonomy.

Globalisation as a political project

Hirst and Thompson (1996, 1999, 2000) challenge the rhetoric of economic globalisation. They do not deny that the economic and trading relations at the end of the twentieth century have changed substantially, nor that this may constrain particular types of national economic, social and environmental strategies. However they claim that the "economic changes ... are more complex and equivocal than the extreme globalists argue” (Hirst and Thompson, 1996: 1) and that the ungovernable international market of ‘globalisation’ is a myth. They maintain that ‘globalisation’ is not merely an account of changing economic circumstances; rather, that it is set of normative principles concerning the relationship between capital and the state,
between capital and society. It reflects and creates a particular prescription for social and political organisation - in effect, the political doctrine of neo-liberalism.

Cerny summarises the essential characteristics/principles of neo-liberalism:

The key ... is the assertion that the market is the core institution of modern – capitalist – societies and that both domestic and international politics are (and should be) increasingly concerned with making markets work well.

This overriding policy goal has several component parts. In the first place, it is necessary to design and to establish institutions and practices that are market-based and market-led. [...] Secondly, it is important to instil a culture of individualistic, market-orientated behaviour in people of all social classes, counteracting the ‘dependency culture’ of the Keynesian welfare state .... Thirdly, governments themselves and international institutions too should be imbued with market-friendly attitudes and practices .... [...] Fourthly, barriers to international trade and capital flows should be progressively dismantled. The most efficient markets, in theory, are those with the largest numbers of buyers and sellers .... Therefore the most efficient markets ought to be world markets.

(Cerny, 2004: 7)

The economic doctrine of globalisation bears remarkable parallels to the modernisation theory of development. According to modernisation theory, all societies should and would inevitably evolve into western and particularly US models of modern capitalist societies (see for example So, 1990). There is a logic of ‘development’ which is constituted by the twin logics of industrialism and capitalism. ‘Development’ culminates in mass production and mass consumption according to western and particularly US patterns. In essence therefore, similarly to modernisation theory, ‘globalisation’ repackages neo-classical economics and neo-liberal politics into language appropriate to the economic circumstances of the late twentieth century and early twenty-first century.

Hirst and Thompson (1996: 176) point out that globalisation is an ‘anti-political’ ideology of unregulated capital and free trade – that in essence, globalisation rejects the legitimacy of any form of political control of capital, nationally or internationally, that it posits that international capital is and should be ungovernable. Gamble (2006: 29) would go further, arguing that, rather than being merely anti-political, the neo-
liberalism/globalisation couple is inherently anti-democratic. Capitalism is a form of social and economic organisation which is inherently unequal. Competition is its normative ideal, and the competition of the free market its coordinating mechanism for society. Democracy, on the other hand, is a model of political organisation which recognizes the equal moral worth of each citizen - it is this equality which is the basis of universal suffrage. Democracy and capitalism have an uneasy relationship - because of the principles of freedom inherent in democracy, under modern economic arrangements it is difficult to conceive of a democratic society that is not in some way capitalist. However, globalisation is a discourse of economic rather than political modernity, and rather than enhancing democracy and citizenship, the state’s principal role is to facilitate capital.

The role of the state

Internationalist capitalist market forces are constructed in the rhetoric of globalisation as neutral, inevitable and objective reality. Similarly, the OECD treats 'change' as neutral, objective and inevitable. There is no sense of human agency in 'change'; rather, human agency is in responding or reacting to 'change' (for example, *Education and the Changing Economy*, (OECD, 1989); *The Knowledge-Based Economy*, (OECD, 1996a)). Countries /states have no alternative other than reacting, or responding, to the changing economic circumstance occasioned by globalisation. Policies and programs which are not compatible with the ideologies of free trade and the free market are, axiomatically, unviable.

The rationality of economic globalisation is that global market forces cannot be controlled, so that the logic of the market necessarily and inevitably must become the logic of all other domains - the political, the social, the environmental, and also, crucially in this context, the educational. The traditional neo-Keynesian regulatory state (which was concerned with the national economy, the national society and national regulatory regimes) is cast as increasingly irrelevant when confronted by the 'reality' of ungovernable international/global market forces. Nation states are seen as essentially ineffective in the face of global market forces, so that national economic
management, national political and social policies are cast as becoming increasingly irrelevant. International markets and international capital markets operate outside the control of national governments so that

... in terms of real flows of economic activity, nation states have already lost their role as meaningful units of participation in the global economy of today’s borderless world.

[...]

Reflexive twinges of sovereignty [are] impossible, because the global economy punishes twinging countries by diverting investment and information elsewhere.

[...]

In the broad sweep of history, nation states have been a transitional form of organization for managing economic affairs .... [A]s it grew the nation state’s organizational right to manage economic affairs fell victim to an inescapable cycle of decay .... It comes as close to being a natural law as the messy universe of political economy allows .... Nation states are political organisms, and in their economic bloodstreams cholesterol steadily builds up. Overtime, arteries harden and the organism’s vitality decays.

[...]

Thus in today’s borderless economy ... there is really only one degree of freedom that central governments have to counteract this remorseless buildup of economic cholesterol ... only one practical as well as morally acceptable way to meet their people’s ... needs.... And that is to cloe meaningful operational autonomy ... to put global logic first and to function as ports of entry to the global economy.

[Ohmae, 1995: 12, 141&142, emphasis added]

This effectively reduces the state to the role of the ‘night watchman state’ of classical liberalism - maintaining law and order, protecting the sanctity of contract, and providing only that level of welfare necessary to protect property and facilitate the free operation of capitalist markets. MNCs and TNCs are said to transcend and hence escape the regulatory capacity of the state. Independent of particular nation-states and operating within the context of free trade and the new international division of labour, they operate within and indeed constitute, a truly global capitalism.

However critics such as Gill (1995; 2000), Hirst and Thompson (1996; 1999; 2000), Gamble (2006) and Weiss (1998) argue that in fact, the nation state has a central role in promoting the political project of globalisation and neo-liberalism². Rather than the night watchman state, public policy and a strong state are essential to the institutionalising of the mobility and power of capital. In other words,
The market has primacy, but … a market order requires a particular kind of state to secure it. A free economy requires a strong state, both to overcome the obstacles and resistance to the institutions of a free economy, which constantly recur, and also to provide the non-market institutions which are necessary for the market to be successful and legitimate. (Gamble, 2006: 22)

Whilst capital can shape the decisions of individual firms and enterprises directly, it is through disciplining the state and public policy that the power of capital operates to effect what Gill refers to as ‘disciplinary liberalism’ or ‘disciplinary neo-liberalism’ (Gill, 1995; 2000). Public policy must accord with the “three C’s of the power of capital” (Gill, 2000) – it must be credible, consistent and preserve/foster the confidence of investors and financial markets. Although the rhetoric of neoliberalism calls for the state to withdraw, a strong state is essential to creating the conditions of credibility, consistency and confidence which enable the market and capital to flourish.

A further dimension of this new world order is the institutionalizing of disciplinary neo-liberalism in restructured international political and economic organizations (such as the International Monetary fund (IMF), the World Trade Organisation (WTO) and the World Bank). In contrast to traditional constitutionalism which was concerned with the relationship between individuals and the state, and particularly, the protection of the liberties and rights of individual citizens, this new constitutionalism (Gill, 1995: 412 – 415) is concerned with the relationship between capital and government institutions (principally at the international level), and operates to foster and protect the power, liberties and rights of capital.

The new constitutionalism can be defined as the political project of attempting to make transnational liberalism … the sole model for future development. […] New constitutional proposals … emphasise market efficiency, discipline, and confidence; economic policy credibility and consistency; and limitations on democratic decision-making processes. […]

In effect, new constitutionalism confers privileged rights of citizenship and representation on corporate capital, whilst constraining the democratization process …. Central, therefore, to new constitutionalism is the imposition of discipline on public institutions partly to prevent national interference with the property rights and entry and exit options of holders of mobile capital with regard to particular political jurisdictions. The initiatives are also linked to efforts to define appropriate policy. […]
New constitutionalism ... may have become the *de facto* discourse of governance for most of the global political economy.

(Gill, 1995: 412–415)

Finally, and consistent with neo-liberal principles as outlined by Cerny, (2004: 7), the competition state acts to

‘recalibrate institutions’ in an attempt to make them homological with the firm and amenable to the processes of the market ....

(Ball, 2009: 97)

**Globalisation as a 'regime of truth'**

Globalisation, together with neo-liberalism, claims to be neutral, natural, objective reality. It is such claims to objectivity and truth that constitute its power - it operates as a 'regime of truth'. Foucault (1980: 132) describes a regime of truth as

> [t]he ensemble of rules according to which the true and the false are separated and special effects of power attached to the true.

It is knowledge of, or access to, truth that constitutes power. The will to know, the will to truth (Foucault, 1984: 111-114; Foucault, 1991a: 96) is both inseparable from, and an imperative of modernity (Foucault, 1984: 113). At the same time the will to truth is the will to power. Through regimes of truth, the will to power constructs particular claims to rationality. These effectively exclude or silence alternative claims to rationality. A regime of truth - that is, a particular form of rationality - effects closure so that what counts as rationality is restricted and limited.

Certain discourses, for example econometric expressions of neo-classical economics, function to effect discursive closure, that is to bracket out the legitimacy and even existence of alternative economic discourses.

(Yeatman, 1994: 25)

As a neo-liberal rationality, the narrative of economic globalisation positions the market as objective reality, and the neutrality of 'market forces' as 'truth'.

In brief then, this chapter has argued that constructed principally in econometric terms as an increasingly integrated world economy, neo-liberal globalisation is
discursively constituted as a ‘regime of truth’: inevitable, imperative, desirable. It
pretends to certainty and truth, and particularly truth and certainty regarding the
complexities, contradictions, fragmentation and seemingly irreconcilable dilemmas
of the capitalism of late modernity. It establishes a frame of changing economic
circumstances - the ‘change’ of the OECD’s *Education and the Changing Economy* (1989)
- to which nations and governments can merely respond or react. The public policy
of the Anglo-American liberal democracies in particular has been incorporated into
this discourse. In responding to globalisation – be that through deregulating the
economy, or through positioning education as an economic rather than a social good
- the state is effectively reifying the globalisation narrative3.

*Responses to globalisation*

It is axiomatic that in the new global economy, capital shifts to wherever business
conditions are the most amenable. This is the “global auction for investment,
technology and jobs” (Brown and Lauder, 1996: 2) where "the prosperity of workers
will depend on an ability to trade their skills, knowledge and entrepreneurial
acumen in an unfettered global market place" (Brown and Lauder, 1996: 3).

In the context of this global auction, the state and public policy are directed not
towards nation building, the national economy and nationally organised social
policies and the like, but towards international competitiveness. There is

a shift ... from the development of a range of 'strategic' or 'basic' industries ... to
one of flexible response to competitive market conditions in a range of diversified
and rapidly evolving international marketplaces ... [and] a shift in the focal point
of party and governmental politics from the general maximization of welfare
within a national society (full employment, redistributive transfers and social
service provision) to the promotion of enterprise, innovation and profitability in
both private and public sectors

(Cerny, 1990: 205)

The state shifts from a welfare state to what Cerny (1990: 204 - 232) calls "the
competition state". Competition becomes a national imperative and requires
governments to introduce policies which subject both the public and private sectors
to ‘the discipline of the market’. These include privatisation and corporatisation in
the public sector and the introduction of principles such as ‘competitive neutrality’⁴. In addition, market relations and the competitive individualism of neo-liberal thought become the normative paradigm for state-society relations and social relations more broadly - the freedom of individuals is the freedom to engage via contractual relations, whilst individuals are expected to assume – or obliged to develop - a neo-liberal sociability/sensibility and act accordingly (see Davis et al., 1997 – particularly Hindess, 1997).

From a quasi-interventionist manager of the economy, the state became the facilitator of the market. According to neo-classical economics, the market operates as a neutral moral arbiter of conflicting interests. Interests are constructed as being economic rather than social (Pusey, 1991: 18-22, 170-171, 210; Saunders, 1994: 126-128), whilst the individual’s role in ‘society’ is principally to serve the needs and interests of the internationally competitive economy.

Gamble (2006: 21& 22, 32) identifies two strands within neo-liberalism – a laissez faire strand and a social market strand. In each of these the state actively facilitates the market – however, there are differing strategies and policies.

… in the first case the role of the state is primarily to remove obstacles to the way in which markets function, whilst in the second the state also has the role and responsibility to intervene to create the right kind of institutional setting within which markets can function. This second strand of neo-liberalism legitimates a wide range of state intervention – from the encouragement of structural adjustment, social capital and good governance … to welfare safety nets, to investment in human capital to environmental protection, to corporate social responsibility even to limited forms of redistribution. By contrast, the laissez-faire strand is much more hard-headed …. It is instinctively averse to interventions in markets, believing that such interventions do more harm than good, and that the outcomes of markets left to themselves are almost always benign, or at least as benign as it is possible to be in an imperfect world.

(Gamble, 2006: 22)

These differing strategies correspond to Brown and Lauder’s two 'ideal type' economic responses (1996) to the conditions of ‘globalisation’ - neo-Fordism (which Brown and Lauder identify with the New Right) and post-Fordism (which Brown and Lauder term "Left Moderniser" and which can be broadly identified with
traditionally ‘Left’ governments that have come to power in the globalised period – for example, the Hawke / Keating and Rudd Labor governments in Australia, and also third way governments such as Blair’s New Labour in the UK, and Clinton’s New Democrats in the US.)

Neo-Fordist policies emphasise labour market ‘flexibility’ (through lower labour costs), efficiency (enhancing productivity through minimising production costs), deregulation, privatisation and managerialism; whereas post-Fordist policies adopt a ‘high skill /high wage’ route to national prosperity and prioritise high skill, high value added innovative production and market flexibility through multiskilling. The Left Moderniser route (Brown and Lauder, 1996) attempts to secure forms of competitive advantage in the international economy that position the national economy and its citizens favourably, whilst minimising the negative social impacts of global competition and economic restructuring. However, whichever the strategy, the objective remains essentially the same – that is, international competitiveness in global capitalist markets. Neither challenges the inevitability of globalisation or its being a neutral or objective reality. Rather than critique, it is only the responses that differ.

Although both neo-Fordist and post-Fordist responses place a high priority upon education, there are differences between them. The neo-Fordist vision of education is the production of the particular skilled workers in demand by business and industry, while the role of education in a post-Fordist economy is more strategic, with the availability of a highly skilled and flexible multiskilled workforce fostering and catalysing innovation and market leadership (see Table 2.1). Again however, whilst the strategies differ, there is the shared policy objective of investment in human capital. It is hard to over-emphasise the extent to which, within both responses, education and training are seen as crucial to global economic competitiveness – and this is because the new global economy is understood to be a Knowledge Economy.
### Table 2.1: Post-Fordist possibilities: alternative models of national development

<table>
<thead>
<tr>
<th>Fordism</th>
<th>Neo-Fordism</th>
<th>Post-Fordism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protected national markets</td>
<td>Global competition through: productivity gains, cost-cutting (overheads, wages)</td>
<td>Global competition through: innovation, quality, value-added goods and services.</td>
</tr>
<tr>
<td></td>
<td>Inward investment attracted by ‘market flexibility’ (reduce the social cost of labor, trade union power)</td>
<td>Inward investment attracted by highly skilled labor force engaged in ‘value added’ production/services</td>
</tr>
<tr>
<td></td>
<td>Adversarial market orientation: remove impediments to market competition. Create ‘enterprise culture’. Privatization of the welfare state</td>
<td>Consensus-based objectives: corporatist ‘industrial policy’. Cooperation between government, employers and trade unions</td>
</tr>
<tr>
<td>Mass production of standardized products/low skill, high wage</td>
<td>Mass production of standardized products/low skill, low wage ‘flexible’ production and sweatshops</td>
<td>Flexible production systems/small batch/niche markets; shift to high-wage, high-skilled jobs.</td>
</tr>
<tr>
<td>Bureaucratic hierarchical organizations</td>
<td>Leaner organizations with emphasis on ‘numerical’ flexibility</td>
<td>Leaner organizations with emphasis on ‘functional’ flexibility</td>
</tr>
<tr>
<td>Fragmented and standardized work tasks</td>
<td>Reduce trade union job demarcation</td>
<td>Flexible specialization/multi-skilled workers</td>
</tr>
<tr>
<td>Mass Standardized (male) employment</td>
<td>Fragmentation/polarization of labor force. Professional ‘core’ and ‘flexible’ workforce (i.e. part-time, temps, contract, portfolio careers)</td>
<td>Maintain good conditions for all employees. Non ‘core’ workers receive training, fringe benefits, comparable wages, proper representation</td>
</tr>
<tr>
<td>Divisions between managers and workers/low trust relations/collective bargaining</td>
<td>Emphasis on ‘managers right to manage’. Industrial relations based on low-trust relations</td>
<td>Industrial relations based on high trust, high discretion, collective participation</td>
</tr>
<tr>
<td>Little ‘on the job’ training for most workers</td>
<td>Training ‘demand’ led/little use of industrial training policies</td>
<td>Training as a national investment/state acts as strategic trainer</td>
</tr>
</tbody>
</table>

(Source: Brown and Lauder, 1996:6)
**The Knowledge Economy**

Increasingly since the late 1980s, the orthodoxy has become that the new global economy is a *Knowledge Economy*, that shifting from economies and industries productive of physical goods to economies grounded in knowledge and information is what constitutes the route to economic and social prosperity in a globalised world. This perspective is shared by international and supranational organisations such as the OECD, the World Bank\(^5\), the European Union, and also individual nation states – including Australia. Thus, according to the OECD:

Knowledge is now recognised as the driver of productivity and economic growth, leading to a new focus on the role of information, technology and learning in economic performance. The term “knowledge-based economy” stems from this fuller recognition of the place of knowledge and technology in modern OECD economies. 

[...] “knowledge-based economies” – economies which are directly based on the production, distribution and use of knowledge and information.

(OECD, 1996a: 3 & 7)

The World Bank’s Knowledge for Development program (K4D) sees the knowledge economy as central:

The application of knowledge is now recognized to be one of the key sources of growth in the global economy. The term Knowledge Economy (KE) has been coined to reflect this increased importance of knowledge. A knowledge economy is one where organizations and people acquire, create, disseminate, and use knowledge more effectively for greater economic and social development.

This 'knowledge revolution' manifests itself in many different ways: there are closer links between science and technology; innovation is more important for economic growth and competitiveness; there is increased importance of education and life-long learning; and more investment is undertaken in intangibles (R&D, software and education) which is even greater than investments in fixed capital.

And of course there is the ICT explosion which brings worldwide interdependency and connectivity.

Increased importance of knowledge provides great potential for countries to strengthen their economic and social development by providing more efficient ways of producing goods and services and delivering them more effectively and at lower costs to a greater number of people. [...] Combined with trade policy liberalization, the knowledge revolution is leading to greater globalization and increased international competition .....

The European Union has committed to the strategic goal of becoming by 2010, the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. 

http://ec.europa.eu/employment_social/knowledge_society/index_en.htm
(Accessed 15 December, 2006)

Rather than physical products, information and/or knowledge are the most highly valued commodities in these new post-industrial economies. Knowledge economies produce intellectual commodities rather than physical products so that competitive advantage is derived less from a country or region’s natural resources or natural capital, than from its intellectual capital, that is, its human capital. There are two interconnected elements to any successful knowledge economy – innovation and education. Innovation is essentially the development of new products and processes, whilst education constitutes the development of the human capital of the workforce. Knowledge economies – also described as information economies - require a flexible, highly skilled (multi-skilled) workforce of knowledge workers, so that there is a high probability of ‘return on investment’ in human or intellectual capital. The role of education in ‘driving’ productivity and economic growth is therefore central. According to the OECD, education is crucial to

[upgrading] human capital ... includes providing broad-based formal education, establishing incentives for firms and individuals to engage in continuous training and lifelong learning.

[...]

... the key functions of: i) knowledge production – developing and providing new knowledge; ii) knowledge transmission – education and developing human resources; and iii) knowledge transfer – dissemination knowledge and providing inputs to problem solving.

(OECD, 1996a: 19-21 – emphasis is original)

This perspective is clearly articulated in the foreword to the European Union Lifelong Learning Conference held in Manchester in May of 1998 during Britain’s Presidency of the European Union:

Economic competitiveness, employment and the personal fulfilment of the citizens of Europe is no longer mainly based on the production of physical goods, nor will it be in the future. Real wealth creation will henceforth be linked to the
production and dissemination of knowledge and will depend first and foremost on our efforts in the field of research, education and training and on our capacity to promote innovation. This is why we must fashion a true 'Europe of Knowledge'.

This process is directly linked to the aim of developing lifelong learning which the Union has set itself … expressing the determination of the Union to promote the highest level of knowledge for its people through access to education and its permanent updating.

(http://www.lifelonglearning.co.uk/conference/guide01.htm emphasis added)

A similar perspective is expressed in the UK government’s 16 December 1998 White Paper, Our Competitive Future: Building the Knowledge Driven Economy:

"Knowledge is our most powerful engine of production" wrote Alfred Marshall in his Principles of Economics. So the concept of a "knowledge driven economy" is not an unfamiliar one to economists. But today we can see a number of processes at work, some entirely new, others that have developed over many years, which together are transforming the way in which businesses, individuals and policymakers operate. This calls for a renewed focus on knowledge as the means of improving economic performance …

[…] A knowledge driven economy is one in which the generation and the exploitation of knowledge has come to play the predominant part in the creation of wealth. It is not simply about pushing back the frontiers of knowledge; it is also about the more effective use and exploitation of all types of knowledge in all manner of economic activity.

(Italic emphasis added; Bolding emphasis in original)

(http://www.dti.gov.uk/comp/competitive/main.htm)

In Australia, Labor’s Agenda for the Knowledge Nation (Knowledge Nation Taskforce, 2001) was directed towards

An economic system based increasingly on innovation and the creation and commercialisation of ideas …. This means:

- stronger manufacturing, extraction and service industries transformed by the application of new technologies and the re-skilling of their workforce;
- the development of industries in emerging fields such as biotechnology, nanotechnology, information and communications technology, and environmental management; and
- taking advantage of rapidly expanding export opportunities in service industries, particularly in education, health and environmental management.
A transformed national culture that emphasises knowledge, excellence and innovation and aims for this to be reflected in its international reputation. Like Ireland, Finland and Israel, our international ‘image’ must be transformed by creating an inventory of internationally recognised goods and services. (Knowledge Nation Taskforce, 2001: iii)

In summary, knowledge economies are premised upon competitive advantage through innovation, productivity, the production of high quality, elaborately transformed manufactures (ETM) and value-added goods and services. Such an economy requires high levels of skill and human capital – that is, knowledge workers for a knowledge economy.

Learning for Life

In a knowledge economy, with its twin ‘drivers’ of success being innovation and human capital, learning and education must be ever more effectively integrated and articulated according to the logic of comparative advantage. In other words, a knowledge economy should also be a learning economy, a learning society, but it should also be a particular kind of learning society – one oriented principally toward economic competitiveness.

Importantly, the development, through learning, of the skills appropriate to participation in the knowledge economy should not be limited to a single period of pre-workforce education and/or training. Rather, the knowledge worker of the knowledge economy, the citizen of the information society, responds to the changing demands of the dynamic global economy through re-training and re-credentialling – that is reconstructing and reinvesting in her /his human capital. Learning therefore must be lifelong. Thus, the knowledge economy, the information society, the learning economy is also a lifelong learning society.

The OECD’s Lifelong Learning for All (1996b) identifies five arguments for lifelong learning:
There is the “learning economy” argument that recognizes the extent to which OECD economies and societies have moved towards a dependence on the creation and manipulation of knowledge, information and ideas. This case is central to the … necessity of lifelong learning …

[…]

The “speed of change” argument … focuses especially on the ubiquity of rapid technological change and of growth in knowledge and information. … [It] is … about securing human capital for flexibility and coping with change, and maintaining cultural coherence and quality in the face of knowledge and information “overload”

[…]

The “life-cycle redistribution” argument is more speculative and open-ended …. As economic and labour market activity is increasingly being compressed into the middle period of life, between a prolonged education at the beginning and an extended retirement period at the other end, serious questions arise about the rationality and sustainability of the pattern.

[…]

There is the “active policies” argument for lifelong learning … that an underlying broad aim should be to move away from essentially passive approaches based on transfer payments … towards active policies that contribute directly to the formation of human capital and to the psychological and social well-being of individuals.

[…]

This leads, finally, to the “social cohesion” argument. In part, this stems from all the foregoing: given the importance of learning foundations and or continued learning in knowledge-intensive societies characterized by rapid change, those who miss out – either initially or later on – suffer effective exclusion.

(OECD, 1996b: 90 – 92 bolding emphasis added)

Further, the OECD perspective goes beyond human capital arguments for lifelong learning. Participation in learning, necessary to full and equal participation in the economy, is presented also as essential to full and equal participation in society, and for social cohesion:

Learning is the most necessary insurance against exclusion and marginality; educational activity represents a particularly important source of involvement and participation in light of the many pressures now putting social cohesion at risk.

(OECD, 1996b: 92)

Whilst all levels of education are positioned as crucial to developing a nation’s skills base or human capital, there is seen to be a particular unique and crucial nexus between higher education and comparative advantage in the globalised knowledge economy. This is innovation.
Innovation and Higher Education

Innovation – that is the development of new products, processes and practices – is a fundamental tenet of the discourses of success in the knowledge economy. Higher education – and more specifically higher education research – is the principal source of innovation, so that the success of higher education in progressing ‘innovation’ is seen as integral to the success of the nation. In the words of the AVCC, “being average is to fail” (AVCC, 2000: 3).

The realisation by governments in many countries that universities are critical to the nation’s development in the ‘knowledge age’ has seen a marked reversal of earlier trends to reduce the public investment that was part of economy or ‘efficiency’, drives. Our competitor nations are now investing heavily in their universities – in education, research, infrastructure ....

[...] Without substantial extra public investment in Australia’s universities, average but possibly highly efficient universities of the future will not play the critical role that only they can in the development of a prosperous Australia ....

[...] For a country like Australia, being average is to fail ....

[...] It is a simple fact that if our universities slip, so will Australia. (AVCC, 2000: 3)

This is a comprehensively instrumental vision of higher education, where there is little place for goals and objectives such as those as outlined by Delanty (2001) – for example, contributions to democratic citizenship, non-instrumental knowledge or culture. Higher education is principally a means to economic ends – that is, national prosperity through success in the international knowledge economy.

To the extent that higher education is articulated into the knowledge economy, its focus, orientation and practices must necessarily be re-focussed, re-oriented, and its priorities and practices re-organised to ensure it is aligned and integrated into the economic imperative of comparative advantage through innovation and human capital. The international trends in higher education and directions of higher education policy both internationally and in Australia (which are detailed in the next three chapters) are both consistent with, and demonstrate the extent to which higher
education has become an element of the economy, a service industry - effectively a sophisticated resource for the national economy.
ENDNOTES

1 “embedded liberal compromise” is a term of John Ruggie (1982) – quoted in Cerny, Menz and Soederberg (2005: 8)

2 Linda Weiss in *The myth of the powerless state* (1988) challenges Ohmae’s claim that

[Nation states] have become unnatural – even dysfunctional .... [They] are no longer meaningful units ....

(Ohmae quoted in Weiss, 1988: 1)

She argues that whilst there is “no such thing as state capacity in general” (Weiss, 1988: 4) states have significant capacity across a range of policy domains – albeit uneven. She concludes that the “notion of a powerless state ... is fundamentally misleading” (Weiss, 1988: 188).

3 This is analogous to Giddens’ “structuration” which “expresses the mutual dependence of structure and agency” (Giddens, 1993: 122). Whilst “structure forms personality and society simultaneously” (Giddens, 1993: 122), at the same time individual agency recursively constitutes structure/ideology. The relationship is dialectical so that agency may also challenge or undermine either structure or dominant ideology.

4 For example Australia’s National Competition Policy (which resulted from the Hilmer Report of 1993) requires that governments must ensure ‘competitive neutrality’ with private sector providers of services, or divest themselves of activities ‘more appropriately’ serviced by private industry. At the international level, the principle of competitive neutrality underlay the OECD’s Multilateral Agreement in Investments (MAI) and the WTO’s similar focus upon international trade in services.


6 Innovation—developing skills, generating new ideas through research, and turning them into commercial success—is a key driver of productivity and economic growth.

(Howard (BAA) 2003/2004: 1)

... innovation can be defined as the application of knowledge to create additional value and wealth. Innovation is much more than invention, specifically it requires that knowledge is used in a way that provides benefits through additional value-add. Through the application of knowledge and technology to create new products and services and improve production processes, innovation allows us to increase our competitiveness, create high-quality jobs and achieve greater value for what we make and export.

(Business Council of Australia (BCA), 2006: 2)

7 Whilst documents such as the OECD’s *The Knowledge Based Economy* (1996a) do differentiate between information and knowledge (OECD 1996a: 12&13), there is a tendency for elision between the terms ‘knowledge economy’ and ‘information economy’. An additional usage is the ‘weightless economy’ (Stiglitz, 1999: 2) so called because the products of a knowledge economy are ‘intangibles’. Yet another term is the ‘Learning Economy’.

8 Examples most often cited of successful knowledge economies are Ireland – the “Celtic Tiger” – and Finland. Their respective shares of high technology industries in total manufacturing rose, in the case of Ireland, from 11.7 per cent of exports in 1970 to 43.6 percent in 1993, and in the case of Finland from 3.2 per cent of exports in 1970 to 16.4 percent in 1993 (OECD, 1996a: 9; see also BCA, 2006: 17 &18). In addition during the 1990s, growth rates for the Irish economy were above OECD averages, with substantial investment by and location of MNCs and TNCs, whilst after centuries of emigration, Ireland was experiencing net inward migration.

Ireland’s success is attributed to its embracing globalisation, to its open economy, its development of an information based or knowledge based economy together, with substantial investment in developing the skills base or human capital of its workforce through education.

Finland – the home of NOKIA, one of the world’s largest electronics companies and a major manufacturer of mobile telephones – similarly embraced the global knowledge/information economy, and followed the route of
building a learning economy through investing in the skills and flexibility of its workforce. Other examples of successful knowledge economies cited include Norway and Taiwan, and regional economies such as Silicon Valley in the US, bioscience ‘clusters’ in Britain and Germany, and in France ‘competitiveness poles’ such as Grenoble and Sophia Antipolis (BCA, 2006: 17 & 18).
CHAPTER 3: INTERNATIONAL TRENDS IN HIGHER EDUCATION POLICY

The widespread recognition that tertiary education is a major driver of economic competitiveness in an increasingly knowledge-driven global economy has made high quality tertiary education more important than ever before. The imperative for countries is to raise higher-level employment skills, to sustain a globally competitive research base and to improve knowledge dissemination to the benefit of society.

(Santiago et al., 2008a: 23)

Introduction

The knowledge economy and its learning society require that the citizen be an active and learning citizen with an economic orientation, an economic sensibility. Across all education sectors, lifelong learning has become an essential element of policy. In instrumental terms, lifelong learning provides the individual with the expertise, credentials and capacity to maintain her active participation in the economic domain – in other words, education is a source of human capital. Education and lifelong learning also contribute to forming the character and personality of the citizen - building not only human capital but also an entrepreneurial and individualistic economic subjectivity. Higher education also has a unique role in the ‘knowledge economy’. It is integral to the nation’s ‘innovation system’ and has particular responsibility for contributing to national economic competitiveness through research and innovation.

In the globalised neo-liberal age, higher education policy has been directed towards developing entrepreneurial practice on the part of institutions, staff and students. Universities have become enterprise universities (Marginson and Considine, 2000; Santiago et al., 2008a: 209), whilst staff and students are expected to exhibit entrepreneurial practice in the interests of competitive advantage in the knowledge economy.
It is in this context that this chapter reviews international trends in higher education policy. Whilst the specifics and detail of higher education policy vary in ways that are particular to each polity and to the history, traditions, structure and culture of its higher education sector, internationally, there are broadly consistent trends. Higher education policy - particularly in a range of Organisation for Economic Co-operation and Development (OECD) countries – is characterised by the conceptualisation of higher education as a means to achieving national economic priorities, by privatisation expressed in both increasing levels of student fees (Santiago et al., 2008a: 48) and the international trade in education services, and by the move towards concentration and selectivity in research funding. All of these are underpinned by consistent patterns of governance modelled upon corporate practice.

The following discussion illustrates these consistent trends in some detail. It draws upon examples of higher education policy in the United Kingdom (principally England\(^1\)), New Zealand and to some extent the United States – the Anglo American democracies where the tradition of university autonomy has been integral to the culture of higher education - together with OECD\(^2\) and European Union material describing international and European patterns of higher education policy, practice, governance and financing. The analysis is organised around the following themes: the economic objectives of higher education; higher education financing; research policy; state/higher education relations including autonomy and governance; and the discourse/policy framework of lifelong learning\(^3\). While these are necessarily interconnected as part of overall patterns of change in higher education, for the purposes of this discussion, they have been disaggregated. The Australian experience is not examined in any detail in this chapter as it is the focus of the following two chapters.

Higher education has always been an international enterprise – scholars and researchers operate in an international framework of research communication, employment mobility and the like. However I contend that the trends described in this chapter are different in kind to the international character of higher education in
the past, by nature of their consistency with the neo-liberal project of globalisation rather than the mid-twentieth century framework of international cooperation and collaboration. One particular model - a new Anglo-American model - together with practices associated with the ‘New Public Management’ (NPM) reform agenda, is coming to dominate higher education policy and practice worldwide. Consistent with conceptualising higher education as an element of both the wider economy and the public sector, the principles of the NPM have been applied to the financing and governance of higher education and have significantly contributed to the shaping of state/higher education relations (Salter and Tapper, 2000: 70; OECD, 2003: 62).

A brief examination of the philosophical underpinnings and operations of the NPM follows.

**New Public Management**

The New Public Management (NPM) reform agenda (which Robison (2006: 5) refers to as a form of ‘neo-liberal institutionalism’) now disciplines the organisation and practice of the public sector most particularly in the Anglo American democracies, but to a greater or lesser extent across the OECD (MacDermott, 2008: 15; Santiago et al., 2008a: 260; Denhardt and Denhardt, 2007: 15; Middlehurst, 2004: 263 & 264; Hill, 2005: 267 – 271). The principal concern of the NPM is accountability and focusing on outputs to achieve desirable outcomes, rather than traditional bureaucratic top down, direct day to day management of practice. There is emphasis on performance indicators, the development of contractual or neo-contractual rather than bureaucratic or professional relationships, and on market mechanisms which organise not only transactions external to the organisation but also internal dealings between and within agencies and departments. There is a privileging of private ownership – expressed through privatisation and to an extent corporatisation – contracting out (such as the out-sourcing of service ‘delivery’), and contestability (or competitive neutrality) in public service provision. Essentially the NPM attempts to replace traditional bureaucratic relations and practices with the competitive and
individualistic relations and practices of corporate capitalism. This is accompanied by a reconfiguring of the public service values of universalism, equity and security so that they become the concerns of public sector management – that is, efficiency and productivity. The collective good of citizens becomes the delivery of appropriate services to clients in a cost effective manner. Of particular relevance to higher education, there is a strong commitment to the control of professional (that is, academic) autonomy, with professional and generic management skills privileged over the collegial tradition (and its acceptance of substantive expertise as a prerequisite of and for university management) together with a preference for market like models of ‘service delivery’.

The devolution of responsibility, described as the “greater operational freedom of disaggregated units” (Hill 2005: 268) is in fact subject to strong steering and also significant financial controls. (In the higher education sector, such ‘units’ would be institutions, whilst within a particular higher education institution, organisational units such as faculties or departments.) The steering and associated conditionalities and controls are to ensure firstly, that the objectives and achievements of the ‘autonomous’ organisation are aligned with those of the government of the day, and also that the disciplines of competition and the market can shape the directions, policies and practices of the organisation to the fullest extent possible. Other approaches consistent with the NPM adopted within the higher education sector both in Australia and other OECD countries have been the emphasis upon retrospective controls through the collection of performance data, quality assurance and relationships of contractual accountability between individual higher education institutions and the state - for example, the use of profiles in Australia and New Zealand, performance agreements in Finland, and ‘development contracts’ in Denmark.
**The Economic Objectives of Higher Education**

Higher education has an historic and complex relationship to its society and culture. Johnstone provides a useful summary:

> It is a repository and defender of culture, an agent of change in this culture, an engine for national economic growth, and an instrument for the realization of collective aspirations.

(Johnstone, 1998: 2)

However, over the last few decades and almost without exception, in a range of countries with disparate cultures, histories, politics and economic circumstances, the economic dimension has become increasingly privileged. As discussed earlier, the primary objectives of higher education are now considered to be providing the human capital to maximise a country’s capacity to engage and compete in the knowledge economy. Even in the Nordic countries where the social objectives of higher education and education have traditionally been highly valued, the discourse of education as an economic driver is increasingly being fore-grounded. Finland’s description of the role of its higher education sector demonstrates the balance it attempts to achieve between the economic, social and civic:

Finland’s national objective is sustainable and balanced societal and economic development. High employment, productivity and competitiveness are key factors. A high quality tertiary education system and measures to increase research and technological development … play a significant part.

Education and research are pivotal to Finland’s strategy for the future, which is directed at the well-being of its citizens, cultural diversity, sustainable development and prosperity. As a civilisation, Finland is built on knowledge and creativity and values such as equity, tolerance, internationalisation, gender equality and responsibility for the environment. Education is used to promote cultural rights as well as to develop knowledge and skills for active citizenship.

The aim is a civilisation in which every individual can grow personally according to their own abilities and aptitudes, contribute to the development of their community and living conditions, and upgrade their vocational and professional competence in response to changes all through their careers.

[…] The tertiary education system is being developed as an entity which is both internationally competitive and responsive to regional needs.

(Ministry of Education, Finland 2005: 6 – 8)
In the Anglo American democracies the balance is strongly skewed towards the economic objectives of higher education. The social and humanitarian objectives of higher education, whilst acknowledged, are presented as secondary to the principal focus of the economic whilst even the very language used to discuss the non-economic dimensions of education continues to frame education as principally economic. In the OECD’s 2008 *Tertiary Education for the Knowledge Society* (Santiago et al., 2008a: 36) for example, the cultural and democratic dimensions of education are nominated as:

*education externalities* ... [the] social or public benefits from the education of an individual that benefit others in the society in both current and future generations and which are not appropriated by the individual receiving the education. They are over and above the private benefits that the individual decision maker takes into account in making his or her private decision to invest in education

The terms of reference of UK’s 1997 Dearing Review of Higher Education (*Higher Education in the Learning Society*) make clear that Higher Education has become subsumed into the economic – particularly in regard to enhancing the international competitiveness of the British economy. Thus the report foregrounds the importance of the labour market when it argues that:

there should be maximum participation in initial higher education by young and mature students and in lifetime learning by adults, having regard to the needs of individuals, the nation and the future labour market; [...] learning should be increasingly responsive to employment needs and include the development of general skills, widely valued in employment;  

(Dearing, 1997)

And whilst it acknowledges that higher education continues to have a role in the nation’s social, moral and spiritual life; in transmitting citizenship and culture in all its variety; and in enabling personal development for the benefit of individuals and society as a whole;

the context of the review is principally of increasingly competitive international markets [with] the proliferation of knowledge, technological advances and the information revolution ... [where] many of our international competitors are aiming to improve the contribution their higher education systems make to their economic performance; [...] [T]hrough scholarship and research, higher education [should provide] a national resource of knowledge and expertise for the benefit of our international
competitiveness and quality of life, and [provide] a basis for responding to social and economic change through innovation and lifelong learning;

(Dearing, 1997)

Clive Booth (quoted in OECD, 2004a: 101) claims that the committee’s orientation was almost solely economic:

The recognition that UK higher education is a major export industry in its own right, that it underpins international economic relations and that it needs to be judged and perform internationally informs nearly all Dearing’s thinking and recommendations. One member of the committee, asked in a seminar about the committee’s neglect of the political, cultural and educational rationales for internationalisation, made it clear that they had hardly entered into the committee’s thinking at all.

The 2003 UK White Paper (The Future of Higher Education) makes its case for the expansion of higher education to participation by approximately 50 per cent of 18 to 30 year olds almost solely in terms of economic benefit. So for example, it argues that

The economic case for expanding the provision of higher education is extremely strong. But as we expand … we must make sure that the courses and patterns of study on offer really match the needs of our economy, and the demands of students themselves.

(DfES 2003: 57)

Even for individuals the benefits are dominantly economic:

For the individual, the economic benefits of higher education are well-documented – quite apart from the opportunity for personal and intellectual fulfilment. Graduates and those who have ‘sub-degree’ qualifications earn, on average, around 50 per cent more than non-graduates. Graduates are half as likely to be unemployed, and as a group they have enjoyed double the number of job promotions over the last five years, compared to non-graduates. Higher education also brings social benefits – there is strong evidence that suggests that graduates are likely to be more engaged citizens.

Even though the number of graduates has risen significantly over the last twenty years, the gap between graduate and average earnings hasn’t narrowed at all. If anything, it has increased.

(DfES 2003: 59, para s 5.5 & 5.6)

The desired 50 per cent participation rate is to be achieved principally through two year vocational, work-focused Foundation Degrees which are to be developed in association and cooperation with employers, business and industry. The White Paper maintains that:
New two-year foundation degrees are developing well as employer-focused higher education qualifications. One of their key features is that employers play a role in designing courses, so both they and the students can be certain that they will be gaining the skills that are really needed in work. (DfES 2003: 42)

In New Zealand, the reforms undertaken since 2002 have been organised around principles of skills development appropriate to the knowledge society. The Tertiary Education Strategy requires that higher education institutions focus upon the skills needed by employers and industries and work to “achieve a greater match between ... tertiary education programmes and current skill needs” whilst equipping all New Zealanders with the foundation skills they require for employment (New Zealand Ministry of Education 2006a: 17, 43).

Similarly in the Netherlands, strengthening society is conceptualised almost solely in economic terms:

The Dutch government is very much aware of the crucial role of the system of tertiary education (and research) in strengthening society. The system plays a vital role in the quality of society both for the learning individual and in the transition to the “knowledge society”. This demands a flexible and highly qualified workforce.

There is a major commitment by the Dutch government and higher education institutes to strengthen the relation between education and the business community. (de Jonge and Berger, 2006: paras 64 & 65)

At the supra-national level, the European Union (EU) is committed to becoming an advanced knowledge based economy and society. The Lisbon Strategy (2000) committed the EU to becoming “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” (Stensaker et al., 2006: 9). The EU Competitiveness Council (http://www.consilium.europa.eu/showPage.aspx?id=412&lang=en) is constituted of national Ministers of Education, or Research or Higher Education or the like, and has among its policy objectives investing in knowledge and innovation and thereby enhancing competitiveness and innovative capacity in the EU. Higher education is
a principal strategy for achieving this goal – indeed, “there can be no Europe of knowledge without a Europe of higher education.” (European Commission 2003b: 8). Further:

Given that they are situated at the crossroads of research, education and innovation, universities in many respects hold the key to the knowledge economy and society. In addition, universities train an ever increasing number of students with increasingly higher qualifications, and thus contribute to strengthening the competitiveness of the European economy

(European Commission, 2003a: 3 & 4)

Hence the EU Commission (2005) has no doubt but that:

Europe must strengthen the three poles of its knowledge triangle: education, research and innovation. Universities are essential in all three.

(Stensaker et al., 2006: 9).

Whilst higher education is seen as a ‘driver’ of economic development of national and regional economies, it is in the commercialisation of higher education as an export industry that the conceptualisation and new reality of higher education as an economic activity is most pronounced. When the enrolment of full fee paying international students is categorised as “the export of education services”, higher education as a commercial commodity is doubly embedded in the language – firstly, higher education is a “service industry’ (that is, part of the services sector of the economy) whilst secondly, the enrolment of fee paying international students is an “export industry”.

The enrolling of full fee paying overseas students in higher education has become a major industry in the US, UK, Australia, New Zealand and Canada (OECD, 2004b; Clark 2006; New Zealand Ministry of Education 2006a) generating around $USD 26 million in export earnings. Together the US, the UK and Australia enrol over 50 percent of international students with most of these enrolled as full fee payers in higher education institutions7. (See Tables 3.1 and 3.2 below.) (Non English speaking countries (other than the Netherlands and latterly Norway) have not exploited their higher education institutions as sources of export income.)
<table>
<thead>
<tr>
<th></th>
<th>SHARE OF INTERNATIONAL STUDENTS, 2001</th>
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<tbody>
<tr>
<td>US</td>
<td>30.1%</td>
</tr>
<tr>
<td>UK</td>
<td>14.3%</td>
</tr>
<tr>
<td>Australia</td>
<td>7.0%</td>
</tr>
<tr>
<td>Canada</td>
<td>2.6%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>0.7%</td>
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<tr>
<td>TOTAL</td>
<td>54.7%</td>
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(Source: OECD (2004b: 314 and Table 3.3))

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<tbody>
<tr>
<td></td>
<td>1989</td>
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<td></td>
<td>USD million</td>
</tr>
<tr>
<td>Australia</td>
<td>584</td>
</tr>
<tr>
<td>Canada</td>
<td>530</td>
</tr>
<tr>
<td>New Zealand</td>
<td>-</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2214</td>
</tr>
<tr>
<td>United States</td>
<td>4575</td>
</tr>
</tbody>
</table>

(N.B. Aus and NZ data includes non-tertiary students)

(Source: OECD (2004b: 314 and Table 3.3))
The OECD differentiates between cultural, academic and economic rationales for the enrolling of non-domestic students. Until the end of the 1990s, continental Europe approached the internationalisation of higher education (that is, the enrolment of non-domestic students) principally in cultural and academic terms and in a cooperative manner\(^8\). However, since the late 1990s, an economic rationale - particularly the export of higher education services – has increasingly become the norm (even if not explicitly articulated). So for example, the OECD cites Norway, Sweden, Austria, Finland, Ireland, Germany, France, Switzerland, Malta, Hungary and Latvia as developing a more economic orientation to the recruitment of non-domestic students, whilst Germany and France are beginning to focus upon marketing their higher education systems in a more systematic fashion (OECD, 2004b: 100). Even the Nordic countries – particularly Denmark and Norway – appear to be abandoning their dominantly social and cultural approach to higher education and particularly the enrolment of non-domestic students. (The development of a competitively oriented, revenue generating higher education export industry is however constrained in some jurisdictions by the fee regime. OECD countries fall into one of three categories - those with higher fees for international students than for domestic students; those whose fees for international students are equal to those for domestic students; and those which do not charge tuition fees for either domestic or non domestic students\(^9\) (OECD, 2004b: 26).)

It is not only the Anglo American democracies nor continental Europe which are approaching higher education as an export income generating industry sector. Both Singapore and Malaysia – which at present have a significant trade imbalance in education – have the policy objective of becoming educational ‘hubs’ in the Asia-pacific region and also reversing the current education services trade deficit (Marginson & McBurnie, 2004: 170). In 2003 Dubai launched its ‘Dubai Knowledge Village’ (\(\text{http://www.kv.ae/en/default.asp}\), accessed 15 January, 2009) whilst the Dubai International Academic City (DIAC) was established in 2007 with ambitions to become a world centre for international higher education (Bardsley, 2008).
Higher Education Financing

The University is no longer a quiet place to teach and do scholarly work.... It is a big, complex, demanding, competitive business requiring large-scale ongoing investment.

(OECD 2004b: 3)

There are consistent patterns of change with respect to the funding of higher education across the OECD – principally a shift from predominantly public funding of higher education to a mix of public and private funding with the proportion of public funding declining (that is, funding provided directly to higher education institutions by the state) (Johnstone, 1998; OECD, 2004a; OECD, 2004b: 16; Santiago et al., 2008a: 166). At the same time, real per capita public funding per student has been falling in real terms - for example in England, Sweden and the Netherlands (OECD, 2004a: 17). The balance of funding is made up largely of student fees - usually with some form of state financed or supported system of grants or more frequently loans (Santiago et al., 2008a: 48, 166, 213 – 232). Other sources of non-government funds include commercial and entrepreneurial activities, bequests and endowments, and the export of education services.

Even in the US where the higher education system is a mix of public and private institutions, funding patterns are consistent with this trend. Although there is huge variation between individual States with respect to support for their public higher education institutions - for example, State funding ranges from $USD 325 per student to less than $USD 100 (see OECD, 2004a: 11) – the share of higher education institution revenues coming from public sources has steadily declined since the 1970s. Whereas in the 1970s public and private funding each contributed around 50% of higher education institution revenue, by 1995-1996 only 38% of higher education funding was provided by government (OECD, 2004a: 4). At the same time tuition fees at state universities and comprehensive colleges increased substantially – an average of 27.5% over the 5 years 1998 – 2003.

Four factors can be identified as contributing to the “financial distress” of higher education in the 1990s (Johnstone, 1998: 4). Firstly, the substantial expansion in the
numbers of students enrolled as national higher education systems moved from elite to mass systems (following higher levels of secondary education and the associated policies of greater equity and access to higher education). Neither the political nor the fiscal climate has been amenable to providing levels of expenditure per student comparable to those which were the norm when a relatively small proportion of young people attended universities. Secondly, fiscal pressures associated with both the efficiency and ‘doing more with less’ of the NPM agenda have directly reduced the funding provided by governments. Third, the costs of higher education have increased disproportionately – that is, “the tendency of unit costs in higher education to rise faster than unit costs in the overall economy” (Johnstone, 1998: 4). Finally, in the NPM climate, there is competition for scarce public sector resources between the needs of higher education and other public goods such as health care, and other public policy priorities such as law and order12.

Accordingly, governments have increasingly concluded that the appropriate policy response is the “supplementation of governmental resources with non-governmental resources” (Johnstone, 1998: 7). The user-pays and fee-for-service principles result in the additional resources being provided variously by tuition fees13 (for either or both international and domestic students at either or both the undergraduate and postgraduate level - in the interests of equity, tuition fees for domestic students are often packaged together with student loans and/or graduate taxes); entrepreneurial activities such as the production of services (such as research or consultancies) or the production of goods (including agricultural and/or industrial products); and donations from individuals or not-for-profit foundations (philanthropy) or national lotteries (as in the UK).

Whilst there is a strong move towards a greater reliance upon the payment of tuition fees by students and a definite trend towards the introduction of higher tuition fees in a range of OECD countries14, there remains considerable variation in their adoption as a major source of higher education institution income. The Nordic countries have not traditionally charged tuition fees (Santiago et al., 2008a: 186, 189).
Until recently tuition fees had been illegal in Sweden – however, in September of 2009 the Swedish government suggested that tuition fees be introduced for non-EU citizens beginning in the academic year 2011/2012 (Swedish National Agency for Higher Education, 2006: 34; Studyinsweden.se, 2009). In the Anglo American democracies practices vary widely. In the US, tuition fees have long been the norm. In contrast, until the 1980s they were either minimal or effectively non-existent in Australia, New Zealand and the UK, because they were covered by a range of grants, bursaries and scholarships. However since that time they have been progressively introduced. In New Zealand for example, a standard tuition fee of $NZ1250 was introduced in 1990. Fees were effectively unregulated between 1992 and 2004 during which time New Zealand institutions were free to set their own fees. Over that time average fees increased by approximately 170% or 13% per annum (New Zealand Ministry of Education 2006a: 84). Policies of re-regulation followed and since 2004, tuition-fee increases have been limited to a maximum of 5% per annum.

A complex situation emerged in the UK, where prior to 1997 tuition fees were included in a student’s maintenance grant, and so were paid by government rather than students. In addition, the fees for full-time students were effectively regulated because the Government set the maximum level at which it would reimburse fees. In 1997, the Dearing Report (Higher Education in the Learning Society) recommended that tuition fees should be paid by students through an income contingent deferred payment mechanism comparable to the Australian HECS model, at a level of approximately 25 percent of the average cost of tuition.15 Whilst the model was not adopted in its entirety the principle was established, and between 1997 and 2006 a series of changes to the fee regime resulted in substantially higher levels of fees, albeit deferred and repayable on an income contingent basis. The sum of the reforms has been a shift from public funding (via a quasi-voucher model) to private funding with the student bearing responsibility.

Examples of fee charging regimes in non-OECD countries can be found in China and Vietnam. In the Americas fees are charged in Chile and Argentina, whilst in Eastern
Europe, Hungary and Russia adopted fee paying regimes in the mid 1990s. Full time undergraduate students in Poland are not charged tuition fees, although the proportion of students liable to pay fees is increasing through the ‘creative’ classification of students into fee paying categories such as “evening” or “extramural” (Johnstone, 1998: 10)

**Research Policy**

In an era when governments are placing unprecedented emphasis on research as a key motor for driving the knowledge society and economy, the effective management of research has become a key contemporary issue for institutions. Whereas university authorities once left academic researchers to get on – or not get on – with their research, now the knowledge “production” of an institution is crucial to its competitiveness and standing in the hierarchy of universities; it is an increasingly important part of the overall resources that individual institutions have at their disposal. It is research that fires the ambition of the contemporary university.

(Connell, 2004: 9)

Research in most countries is directed towards the success of the national economy in the international knowledge economy – particularly through *innovation*. Innovation it is assumed, leads to economic competitiveness. Thus research policy – and research funding - in the UK and other OECD countries has been subsumed into policies directed towards maximising innovation. As a result, research has been reoriented away from ‘merely’ expanding human knowledge and understanding of the natural and social worlds, and redirected towards investment in the economy through innovation and technology. The UK White Paper of 2003 (DfES, 2003) perhaps articulates this position most clearly:

Research lays the long-term foundations for innovation, which is central to improved growth, productivity and quality of life. This applies not only to scientific and technical knowledge. Research in the social sciences, and in the arts and humanities can also benefit the economy – for example, in tourism, social and economic trends, design, law, and the performing arts – not to speak of enriching our culture more widely. In addition, the strong research base in the UK helps us to take advantage of research conducted elsewhere. It provides the expertise to keep up with international developments, and the clout to join international partnerships. But competition is fierce. The USA, Japan, Canada, and other nations are significantly increasing their investment in research.
In Norway,

it is … considered necessary to concentrate on production based on knowledge. [Such] arguments for prioritising higher education and research are being heard more and more frequently.

(Norwegian Ministry of Education and Research, 2005: para 58)

Higher education research policy in Finland – which is possibly unique in that higher education research funding is dominated by private rather than public funding - is similarly organised around commitment to the nexus between high quality research and economic success (Ministry of Education, Finland, 2005).

There are two elements with respect to the competitiveness of research in higher education – the first is that research provides for the economic development of the nation and strategically positions the national economy in the internationally competitive knowledge economy; and the second is that any particular country’s higher education research system must itself be internationally competitive. Whether it is explicitly acknowledged or only implicit in policy, the international competitiveness of higher education research is considered to be an essential condition of the competitiveness of the national innovation system. Individual national higher education research policies are benchmarked against the US, OECD and EU averages in terms of proportion of GDP invested in research, and countries adopt comparable reform models in their efforts to achieve competitive success.

The models of research funding developed to achieve these objectives are remarkably consistent across the OECD and are premised upon the assumption that through competition, the efficiency and productivity of research will be maximised. Through the principles of selectivity and concentration, funds are directed to those researchers who are demonstrably successful - in obtaining grants, and for publishing in prestige journals. This emphasis is intended to maximize the nation’s innovative capacity, whilst in turn, this innovative capacity is assumed to translate into economic competitiveness.
Although there is some variation in the detail of national policies, most countries use some combination of two policy mechanisms to this end - the first is the shifting of ever increasing proportions of the available public funding for research into competitive grants through a research council or the like, with grants allocated through some system of competitive peer review; and the second is allocating research support and research infrastructure funding selectively, according to ‘quality’ (either success in the competitive grants process, as in the Netherlands, or some form of research quality assessment exercise, as in the UK and New Zealand).

National or supra-national research policies – which typically incorporate some identified research priorities - are organised around the need to develop competitive advantage. So for example in Sweden:

> the goal is that Sweden should be a “leading research nation” where research is conducted with high scientific quality” as well as “one of the world’s most research intensive countries”.

(Swedish National Agency for Higher Education, 2006: para 103)

Strategic planning and priority setting at the national level translates into comparable systems of rational planning at the institutional level. Increasingly, national governments require that higher education institutions develop research management strategies and/or strategic plans and to a greater or lesser extent, compliance is becoming a condition of institutional research funding (Hazelkorn, 2005: 56).

At the same time, the environment where not only the resources allocated to an institution but also its status and institutional ranking depend on its competitive positioning in research, has resulted in the strategic management of research becoming ‘core business’ for institutions. External national and international evaluation exercises, accountability mechanisms and quality audits add to the pressure to ensure an institution’s research is ‘relevant’ and innovative. Thus new offices of research management are established at senior or executive levels, and research becomes ever more determined by national priorities and, at the same time,
hierarchically managed rather than collegially coordinated. Within individual institutions, comparable patterns of research management are in turn introduced at faculty, school and department level (Connell, 2004: 27 – 38). Thus does the individual researcher become a technocratic worker or employee rather than an autonomous scholar.

**Autonomy, Higher Education/State Relations, Governance**

Traditionally, there have been widely differing relationships between higher education institutions and the state in different countries. European universities, for example, were most often essentially government or state institutions with academics effectively public servants. In the former Soviet Union and much of Eastern Europe higher education institutions were an integral part of the state. In many Asian countries – such as Korea and Japan – the relationship between higher education institutions and the state remains close (OECD, 2003: 63). In contrast, Anglo American universities have been autonomous, or at least semi-autonomous public institutions, established under legislation and whilst funded by government in the main, and so subject to the conditionalities of such funding, formally independent of government (Tapper and Salter, 1995)\(^{16}\).

However as a consequence of recent reforms there is a remarkable convergence in the practice of state/higher education relationships. The autonomy of institutions formerly managed quite directly and directly by the state has expanded, whilst the quasi-autonomy of institutions in Anglo-American systems has been constrained and limited. Reform examples include the *Quality Reform* in Norway (reported in Norwegian Ministry of Education and Research, 2005, paras 4 & 5), the new Higher Education and Research Act in the Netherlands (de Jonge and Berger, 2006: 106), the *Strategy of Tertiary Education for 2000-2005* of the Czech Republic (reported in Centre for Higher Education Studies (Czech Republic), 2006: para69), and in Japan, the reforms associated with the 2005 report *Future Prospects for Tertiary Education* \(^{53}\).
(reported in Higher Education Bureau (Japan), 2006: paras 44 & 46). The nature of theses changes is discussed further below following some more general comments on the nature of this quasi-autonomy and its associated patterns of governance.

Within the OECD in particular, but also across Europe (Stensaker et al., 2006: 27), autonomy is increasingly coming to mean the capacity to make internal decisions with respect to staffing, spending priorities, curricula, admissions and enrolment decisions and the like – in other words, day to day internal and operational decision making\(^{17}\). Berdahl (see Marginson and Considine, 2000: 247-248) differentiates between substantive and procedural autonomy - that is, between autonomy of ends and autonomy of means. The autonomy characteristic of modern OECD higher education institutions is an autonomy of means. It is procedural; however, it is to others’ ends. The most common funding model is of block grant funding of institutions (OECD, 2003: 65) operating within a range of frameworks, of directions, conditionalities, priorities and policies determined by the state. The management of the sector by government may be light or heavy handed (decision making may be extensively devolved to institutions, or there may be highly directive micromanagement). However whether the hand on the tiller is light or heavy, it is still steering. Whilst the particulars of practice may vary, the architecture is at the very least comparable and the imperatives the same.

Relationships between higher education institutions and governments may be negotiated though some form of profiling process – that is, individual agreements between governments and institutions which determine the particular ‘mission’ and role of an institution\(^ {18}\). Although these ‘negotiations’ are inevitably shaped by the status and strengths of an institution (for example in research), the policy framework and objectives of the government of the day are predominant. Profiles constitute a contractual relationship between individual higher education institutions and the state – effectively, they are a form of contractual accountability (see also Salter and Tapper, 2000: 70). The profiling process is therefore an effective steering mechanism, providing a broad framework within which the individual higher education
institution has only *operational* autonomy. In New Zealand for example, there is a
cascading hierarchy of steering mechanisms – specifically Charters and Profiles, and
the Assessment of Strategic Relevance (ASR). These are the Tertiary Education
Commission’s (TEC) “key policy instruments”. The Charters and Profiles

set out the strategic direction and activities of Tertiary Education Organisations
(TEOs). [...] They ... provide the basis for funding negotiations between TEOs
and TEC.

[...]

The ASR is the framework used by TEC to assess whether or not a TEO’s level of
alignment with, or contribution to, the TES [Tertiary Education Strategy] is
sufficient to gain access to the tertiary funding allocated by TEC. In doing that the
ASR has three roles, it:

- *interprets* what alignment with the TES means within different contexts
- *communicates* that definition of alignment within its assessment criteria;

and

- *assesses* a TEO against that definition of alignment.

(Tertiary Education Commission (New Zealand), 2003: 1)

The ‘development contracts’ between the Danish Ministry of Education and
individual higher education institutions constitute another example (Stensaker et al.
2006: 13).

Decisions about research operate within the country’s research or innovation policy,
with either government departments or an arms length body determining national
research priorities, and institutions required to conform to a number of criteria in
order to qualify for funding – for example, the requirement that they develop
institutional research strategies or research management plans consistent with
specified criteria or guidelines. In addition, programmes providing funding whether
marginal or significant - but inevitably conditional - provide incentives for
institutions to develop their own strategic directions, policies and directions
consistent with government priorities. There may also be more punitive funding
measures with resources withdrawn unless particular practices or principles are
implemented.
As described above, across Europe most higher education institutions now have substantially greater operational autonomy with issues previously determined by government now devolved to institutions’ decision making bodies (Stensaker et al. 2006: 12). However, the Bologna process - the structural reform of European higher education towards a common model (specifically the alignment and comparability of European higher education systems and degree structures) - means that this operational autonomy is taking place within a reform process which constrains and restricts diversity, and hence limits the independent capacity of both national systems and individual institutions21. The Bologna process is one element in achieving the EU’s objective of a Europe of Knowledge and specifically the project of realising the European Higher Education Area (EHEA). It “reflects a search for a common European answer to common European problems” (Confederation of EU Rectors’ Conferences, 2000: 3)

In a number of former Eastern European countries (that is transition states such as the Czech Republic, Hungary and Poland) higher education was formerly an essential component of the state, and higher education institutions were more or less directly controlled by state apparatuses. In these systems and institutions, current levels of operational autonomy are closely linked to principles of academic freedom and the autonomy of individual academics. Such principles are very important to the development of both national systems and institutions particularly in terms of their re-identifying themselves with the traditions of modern, western liberal-democratic universities (Centre for Higher Education Studies (Czech Republic), 2006: para 270). However, as in the rest of Europe, this autonomy is subject to national and supranational objectives of innovation and economic competitiveness, together with the practicalities of the intra-European convergence and alignment of national higher education systems of the Bologna reforms.

Prior to the current reform process, Anglo-American universities had traditionally experienced relatively high levels of operational autonomy, or more properly, quasi-autonomy (Tapper and Salter, 1995). British, Australia and New Zealand universities
operated within government determined funding regimes usually negotiated with arms length buffer bodies. These included the UK’s Universities Grants Commission, Universities Funding Council and since 1992, the Higher Education Funding Council for England (HEFCE), New Zealand’s Tertiary Education Commission (TEC) and Australia’s Universities Commission (UC) and later the Commonwealth Tertiary Education Commission (CTEC). However, with the role of higher education now seen principally as an element of, and integral to economic policy and subject to the principles of the new public management, the independence and capacity for self direction of higher education institutions are more constrained and limited. Bodies such as the England’s HEFCE and New Zealand’s TEC are interventionist, directive and resolute in their intentions. Their funding frameworks are structured to encourage or limit the choices individual higher education institutions make. Neave has this to say about the autonomy of British institutions:

Autonomy can be exercised only on condition that the individual institute or department fulfils national or establishment norms which are continually to be renegotiated in the light of public policy.

(quoted in Tapper and Salter, 1995: 69 – emphasis in Neave’s original)

Tapper and Salter argue that the power to direct and determine the future of the university has moved from academic elites (former models of autonomy) to the state.

[The] corporate autonomy of universities has always been exercised within externally imposed boundaries. At one time those boundaries were imposed by a powerful segment of university opinion and led to a university system that was elitist ... high in cost and lacking in diversity. In recent years the state has reclaimed the control of those boundaries, and has insisted upon managerial strategies which will result in a system which is more diverse in character, has lower unit costs and is overall far less elitist. In the process of this change, university autonomy has evolved markedly... to the idea that universities need to make choices within boundaries that discriminate against some decisions while encouraging others.

(Tapper and Salter, 1995: 69 – emphasis added)

The operational autonomy available to higher education institutions is accompanied by a range of monitoring, accountability, external performance assessment and audit mechanisms. Most significant is the development of quality auditing22. Auditing shifts responsibility for higher education quality from essentially internal judgements – that is, made by institutions themselves and particularly by academic departments
or individual academics - to external processes of peer review and judgement by others (such as quality assessment agencies). The establishment of a national quality agency for higher education is almost invariably accompanied by the development, within individual higher education institutions, of internal quality assurance protocols and controls managed by some new division/unit within the institution’s central administration. So the shift in the capacity for self direction and self determination is taking place not only at the systemic level (that is, relationships of responsibility and control between the state and higher education institutions) but also within individual higher education institutions, fundamentally reconfiguring the relationship between higher education institution management/executive(s) and academic staff.

Some form of national quality assessment agency was established in almost all OECD countries during the 1990s (OECD, 2003: 69 – 71; Santiago et al., 2008a: 265; Stensaker et al. 2006: 15 &16) whilst as part of the Bologna Process the EU is establishing a Register of European Quality Assurance Agencies (ENQA, 2007). These quality assurance agencies have characteristics in common. Almost all operate independently from government. Almost all are funded by government. Almost all rely on judgements made by external evaluation teams mostly comprising academics from other institutions, including in some cases from other countries. Rather than being used directly for funding decisions, assessment is mainly a form of regulation. However, in the case of research, the results of mechanisms such as the UK’s Research Assessment Exercise (RAE) can constitute significant funding decision criteria (Clark, 2006: paras 86 and 91).

Just as the relationships between higher education institutions and the state are regulated by systems of monitoring, audit and accountability, so too are internal processes of decision making and governance within higher education characterised by the declining autonomy of individual academic staff and the increasing importance of systems of monitoring, audit and accountability. The traditional model of governing universities was collegial and consultative - particularly in those
systems where higher education institutions (principally universities rather than colleges, polytechnics or technical institutes) had high levels of autonomy. Collegial governance is effectively a form of academic self determination, and so academics (both individually and collectively) have the capacity and responsibility to determine curricula, research priorities and the future directions of an institution, and are thus able to shape the culture and ethos of an institution – and not necessarily in directions desired by the state. Neither would the culture and ethos of the higher education system itself necessarily be aligned to governmental priorities under this form of governance. Just as new models regulating the relationship between higher education institutions and the state were needed to ensure the implementation of governmental priorities, so too were reforms to the internal governance arrangements of individual higher education institutions deemed necessary to ensure that they were aligned with the priorities of economic development, innovation and competitive economic advantage.

In many systems, where traditionally Vice-Chancellors or Rectors were elected by various combinations of academic staff, general staff and students, governance reforms have included replacing these electoral processes by appointment by an institution’s governing council. Examples include Austria (from 2003) Denmark (from 2003) and Norway (also from 2003) (OECD, 2003: 74). Whilst a comparable reform has been mooted in Finland, the proposal was not accepted by the Parliament. However the Finnish government remains desirous of senior staff and university boards having higher levels of professionalism, strategic skills and managerial expertise (Ministry of Education, Finland, 2005: 89). More generally, within institutions, additional layers of management (for example new Offices to manage an institution’s Research Strategy, its Teaching and Learning or Graduate Outcomes Strategy, its Quality Assurance Strategy) have been introduced with the effect that both decision making and resources are transferred to the centre. Internal funding mechanisms include systems of audit, conditional funding and the punitive loss of funding should particular practices not be introduced. This concentration of power and the introduction of flexible, ‘responsive’ and top down decision making
processes reduce the collegial authority of academic councils and boards, so that effectively, the senior management of higher education institutions/universities become autonomous of their academic staff (Tapper and Salter 1995: 69). Together, these developments parallel within institutions the shift of authority from institutions to government.

Because the primary responsibilities of higher education are to the economy and to society, rather than to individual institutions, the governing bodies of higher education institutions, are themselves subject to scrutiny and reform. Two complementary features are evident in their reform and restructuring: the appointment of increasing numbers of representatives from the non-academic world (EU, 2003a: 9), and reductions in the level of membership of academics and alumni. Taken together, these limit the influence of collegial culture upon decision making and strategic planning. The preference is generally for more ‘streamlined’ governing bodies with fewer members and greater representation of constituencies and individuals external to the institution (stakeholders such as business and industry, employers and the like). So for example in the Netherlands,

The new Higher Education and Research Act will introduce a new form of governance for the higher education sector …. The focus is now on the (horizontal) accountability towards internal and external interested parties: students, professionals (teachers/scientists), employers, society. Therefore, these stakeholders will get a stronger position in this act.

(de Jonge and Berger, 2006: 105)

Until relatively recently, issues of higher education governance and the internal decision making of higher education institutions have not been a priority focus of the Bologna Process. However, in its 2005 meeting, the Council of Europe identified higher education governance as “indispensable to undertaking the profound reforms needed for creating the European Higher Education Area [EHEA] by 2010” (Council of Europe, 2005). It also recommended that:

The Bologna Follow Up Group should give explicit consideration to the role of governance in reaching the goal of providing high quality education and mobility of students and staff throughout Europe.
In sum, across Europe, internal higher education institution governance is characterised by the development of corporate/executive forms of management, competitive or quasi market mechanisms for resource allocation, quality assurance processes and (in accord with NPM principles) ‘professional’ rather than collegial forms of decision making (Stensaker et al., 2006: 10). It is probable that comparable to the alignment of degree structures and the development of consistent approaches to the management of ‘quality’ (for example, The European Association for Quality Assurance in Higher Education (ENQA) - see www.enqa.eu), there will be increasing convergence of the practices of internal higher education governance.

**Lifelong Learning**

Lifelong learning has become an increasingly significant organising principle and framework for all levels of education (and training) across the EU, the OECD and within the Group of Eight (G8)

Lifelong learning is no longer just one aspect of education and training; it must become the guiding principle for provision and participation across the full continuum of learning contexts. (EU, 2000: 3 – emphasis in original)

Lifelong learning ... has a key role to play in developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce. [...] Lifelong learning is, however, about much more than economics. It also promotes the goals and ambitions of European countries to become more inclusive, tolerant and democratic. And it promises a Europe in which citizens have the opportunity and ability to realise their ambitions and to participate in building a better society. (EU, 2001: 5 & 6)

Similarly, to achieve its ‘common vision’ of the global innovation society, the G8 is committed to “promot[ing] lifelong learning ... to enable individuals to adapt to change, maximize their skills and knowledge, and contribute to their communities and work places” (Group of Eight (G8), 2006: para 5). Further
We will prepare our people to embrace change through lifelong learning. We will strengthen linkages between learning, enterprise training and the labour market, including through distance education and cross-border provision of education services. We ... call for opportunities and incentives for lifelong learning to be created for all people.  

(G8, 2006: para 15)

At its earlier meeting in Cologne in 1999, the G8 formalised its Aims and Ambitions for Lifelong Learning in the Cologne Charter.

The challenge every country faces is how to become a learning society and to ensure that its citizens are equipped with the knowledge, skills and qualifications they will need in the next century. Economies and societies are increasingly knowledge-based. Education and skills are indispensable to achieving economic success, civic responsibility and social cohesion.

The next century will be defined by flexibility and change; more than ever there will be a demand for mobility. [...] In the future, the passport to mobility will be education and lifelong learning.

[...]

The rewards for investing in people have never been greater and the need for it has never been more pressing. It is the key to employment, economic growth and the reduction of social and regional inequality.  

(G8, 1999 – emphasis added)

The EU identifies “six key messages which offer a ... comprehensive and coherent lifelong learning strategy for Europe”. These are skills; investing in human capital (“Europe's most important asset – its people”); appropriate and effective teaching and learning practices; recognition of prior learning both formal and informal; the provision of lifelong learning opportunities as close to learners as possible; and maximising the use of ICTs (EU, 2001: 4 & 5).

The OECD commitment to lifelong learning is comparable. In reply to its rhetorical question Why is lifelong learning important?, it responds:

The increased pace of globalisation and technological change, the changing nature of work and the labour market, and the ageing of populations are among the forces emphasising the need for continuing upgrading of work and life skills throughout life. The demand is for a rising threshold of skills as well as for more frequent changes in the nature of the skills required.

[...]

Investment in education and training in pursuit of lifelong and economic objectives simultaneously by providing long-term benefits for the individual, the enterprise, the economy and society more generally. For the individual, lifelong learning emphasises creativity, initiative and responsiveness – attributes which contribute to self-fulfilment, higher earnings and employment, and to innovation and productivity. The skills and competence of the workforce are a major factor in economic
Higher education has a significant role in the lifelong learning agenda. According to the EU:

Lifelong learning is an essential element of the European Higher Education Area. In the future Europe, built upon a knowledge-based society and economy, lifelong learning strategies are necessary to face the challenges of competitiveness and the use of new technologies and to improve social cohesion, equal opportunities and the quality of life.

(EU, 2001: 2)

This framework involves the integration of primary, secondary and tertiary education (including higher education, compulsory and post compulsory education, adult education and further education) whilst acknowledging both formal and informal learning. It is a normative and all encompassing language of skills development – principally for the labour market but also for citizenship, participation and social cohesion (G8, 1999; EU 2000: 3; EU 2001: 2; OECD, 2004c: 5). Its language draws heavily upon both earlier ideas of recurrent education (OECD, 1996b: 88), and similarly has multiple aims with personal development and social cohesion alongside economic growth. [In the former case there are faint resonances of the concerns of the radical reformers and de-schoolers of the 1970s (for example, Illich (1971)]. However, the role of lifelong learning in facilitating the development of knowledge economies and hence success and prosperity in the globalised world, takes priority.

Lifelong learning is most commonly associated with the vocational training of mature aged students, together with adult or further education, although there is some importance given to second chance access to higher education. The initiatives reported in the EU report National Actions to Implement Lifelong Learning in Europe (EU 2001), are centred on adult education, further education and the provision of alternative pathways into higher education for non traditional students. Whilst the UK’s Foundation Degrees are included as an example of a lifelong learning initiative,
they are positioned as concerned with “meeting the need for higher skills” (DfES, 2003), illustrating that in Higher Education also, the practice of lifelong learning is dominated by vocational training and the acquisition of workplace oriented qualifications 27.

The associated emphasis on expanding participation rates in higher education brings into focus issues of equity and access for non-traditional students. So there is mention of policies and practices associated with the articulation of adult education, vocational education, further education with pathways into higher education, and examples of flexible practice either to provide for, or to support in practice the ‘second chance’ education of mature-aged students, part-time students and the like. These initiatives or practices often focus on the provision of distance education and the use of ICTs – on the assumption that mature aged students and part time students (both of which are often in the workforce) may be in need of alternative pathways and differing approaches to teaching and learning 28. Much of the discussion sees lifelong learning as dominantly practical and instrumental - the provision of lifelong learning having much to do with issues of students’ earning additional qualifications or credentials, or re-qualifying in an alternative vocational field.

There is, however, considerable variation in the extent to which this normative agenda has been adopted as an organising policy framework across Europe and the OECD. In some countries where the historical background and traditions of its education and higher education systems are compatible with the principles of lifelong learning there appears to have been a relatively straightforward transition to incorporating adult education, further education, distance education and the like and a range of equity approaches into the language of lifelong learning. Sweden is one such example (Swedish National Agency for Higher Education, 2006: paras 34, 47, 147, 362, 475). Several of the lifelong learning initiatives discussed in the Swedish paper focus on sub-tertiary adult education with particular concern that sub-tertiary routes articulate with and provide pathways into higher education.
One of the main objectives of the overall Swedish system of education is that there should be no dead ends and that the lifelong learning of the population should be promoted.

(Swedish National Agency for Higher Education, 2006: para 475)

In other countries – such as the US and the Netherlands – whilst there is provision for adult education, continuing education, distance education and the like, there is no specifically articulated policy framework of lifelong learning. So for example, the Netherlands background paper for the OECD Thematic Review of Higher Education (de Jonge and Berger, 2006) does not use the term ‘lifelong learning’ in its discussion of higher education policy or practice.

Conclusion

In a considerable number of countries there are comparable and consistent trends in higher education policy and practice. Rather than an end in itself or a social undertaking / practice directed variously towards the personal development of the student, the advancement of knowledge, or the cultural, civil and civic life of society, higher education (as indeed all levels of education) is increasingly considered to be an element of the economy, a contributor to the economy of the nation and the competitiveness of that economy, and an economic enterprise itself. There is a shift away from public funding of higher education and towards user pays principles, with students in particular providing increasing proportions of total higher education funding. Research is organised around competitive principles and directed towards innovation – which is seen as the means to achieve competitive advantage in the new knowledge economy. Most significant perhaps is the changing character of the relationship between the state and higher education systems and institutions. Although governments argue that their systems are being freed from excessive regulation and direction, autonomy has become responsibility for the day to day internal direction and management of institutions within tightly framed and audited policy frameworks and guidelines. The governance of both the system and individual institutions have shifted from relations of academic collegiality towards
economically oriented and business like practices, neo-market systems and contractual relations. In this competitive and individualist environment, institutions, staff and students are obliged to act as economic agents. Finally, although the language of Lifelong Learning includes mention of citizenship, social cohesion, and personal development and fulfilment, the thrust is principally directed towards the economic. This is most evident in the instrumental character of its practical implementation – for example, the focus on re-skilling or up-skilling of the individual in order that s/he may participate more fully in the labour market and hence maximise the competitiveness of the national or supra-national economy.

Australian higher education policy demonstrates similar patterns and imperatives - the conceptualisation of higher education as a means to achieving national economic priorities, privatisation expressed in both increasing levels of student fees, and the international trade in education services, the move towards concentration and selectivity in research funding, together with a changing patterns of state /institutional relationships with respect to governance and autonomy. The development of Australian higher education policy under both Labor and Liberal/National Party Coalition governments over the period 1987 – 2007 is therefore my concern in the following chapters.
ENDNOTES

1 The higher education systems of England, Scotland, Northern Ireland and Wales in the UK, whilst complementary, are separate and to a degree independent – particularly Scottish Higher Education.

2 The chapter makes substantial use of OECD data and engages with its policy documents. However, it does not adopt its neo-liberal position – see Rizvi and Lingard (2006: 247 – 260).

3 It is hardly coincidental that these five independently determined themes coincide with four of the eight “key substantive issues” identified in the OECD’s 2008 Tertiary Education for the Knowledge Society: steering tertiary systems … matching funding strategies with funding priorities … assuring and improving quality … achieving equity … enhancing the role of tertiary education in research and innovation … the academic career … strengthening ties with the labour market … and shaping internationalisation strategies.

(Santiago et al., 2008: 27)

4 The market model is based on market-type mechanisms …. The aim is to let managers manage on terms similar to their private sector counterparts. To promote a performance orientation, the system is subject to market disciplines such as competitive tendering and contracting out, cost recovery, and accrual accounting (including capital costs). […] In some cases performance standards are enforced through individual or institutional performance contracts which exchange operational and/or resource flexibility for accountability for pre-set results targets.

(OECD 1997d: 10)

5 Pollitt (quoted in Middlehurst, 2004: 263 & 264) describes the key elements of NPM as:

• A shift in the focus of management systems and efforts from inputs and processes towards outputs and outcomes.
• A shift towards measurement and quantification, especially in the form of ‘performance indicators’ and/or explicit ‘standards’, and away from ‘trust’ in professionals and experts.
• A preference for more specialized, ‘lean’, ‘flat’ and autonomous organizational forms rather than large, multi-purpose, hierarchical ministries or departments.
• A widespread substitution of contracts (or contract-like relationships) for what were previously formal, hierarchical relationships.
• A much wider-than-hitherto deployment of markets (or market-type mechanisms) for the delivery of public services and use of mechanisms such as competitive tendering.
• An emphasis on service quality and a consumer orientation (thus extending the market analogy by redefining citizen-users of public services as ‘consumers’).
• A broadening of the frontiers between the public sector, the market and the voluntary sector (for example, through the use of public-private partnerships and/or contracting out).
• A shift in value priorities away from universalism, equity, security and resilience, towards efficiency and individualism

Hill (2005: 268) provides a summary of Hood’s seven “doctrines” of the NPM:

1. ‘Hands-on professional management …’
2. ‘Explicit standards and measures of performance’
3. ‘Greater emphasis on output controls’
4. ‘… disaggregation of units in the public sector’
5. ‘… greater competition in the public sector’ (to this may be added actual privatisation)
6. ‘ … private sector styles of management’
7. ‘… greater discipline and parsimony in resource use’

6 The six principles of the New Zealand Higher Education reforms were:

Strengthening system capability and quality.
Te Rautaki Matauranga Māori – contributing to the achievement of Māori development aspirations.
Raising foundation skills so that all people could participate in the knowledge society.
Developing the skills New Zealanders would need for the knowledge society.
Educating for Pacific peoples’ development and success.
Strengthening research, knowledge creation and uptake for the knowledge society.
7 A major attraction of the existing dominant providers (all of which charge higher fees for international students than for domestic students) is English language tuition and particularly in the case of the US and the UK, tradition and cachet.

8 In all EU countries, EU students are treated a domestic students for the purposes of enrolment and liability for tuition fees. Intra-European mobility has to date, been the main development in the internationalisation of European higher education.

The Netherlands has been the principal exception to the European focus on cultural exchange as the priority of internationalisation. In the Netherlands higher education institutions are free to set their own fees for non-domestic students. Whilst the number of international students is modest, new policies for the international marketing of Dutch higher education are increasingly a government priority (de Jonge and Berger, 2006: 42)

9 Fees for international students higher than those for domestic students: Australia, Austria, Belgium, Canada, Ireland Netherlands, New Zealand, Slovak Republic, Switzerland United Kingdom, United States

Fees for international students equal to than those for domestic students: France, Greece, Hungary, Iceland, Italy, Japan, Korea, Portugal, Spain

No tuition fees for either domestic or non domestic students: Czech Republic, Denmark, Finland, Germany, Norway, Poland and Sweden.

10 However between 1995 and 2004 Spain, Turkey, Greece and Ireland reversed the trend and started to increase public funding of their higher education systems.

11 In the US – private institutions constitute a significant proportion of higher education institutions (75%) – although public 4 yr degree granting higher education institutions enrol the majority of students (65% of students).

12 Whilst funding for higher education has been constrained or has fallen, funding for prisons has increased - for example in the US, between 1988 and 1998, whilst New York’s higher education funding declined by 29% its expenditure on prisons rose by 76%. Between 1984 and 1994, funding for California’s prison system increased by 209%, compared to a 15% increase in State university funding.

Center on Juvenile and Criminal Justice, San Francisco,
http://www.cjci.org/pubs/ny/nysom.html
http://www.cjci.org/pubs/mary/maryreport.html
Accessed 30 Oct 2006

In Australia, total government expenditure on Justice (approx 85% of which is expenditure on corrective services and police) rose by an annual average of 8.4% in real terms over the period 1994/1995 to 1999/2000, whereas the percentage of higher education funding provided by Commonwealth and State governments declined from a peak of 90% in 1981 to 45% in 2005.


13 Whilst the language of ‘user pays’ applies equally to industry, and institutions are regularly admonished by governments to generate funding from business and industry, it is pre-dominantly the student ‘users’ to whom the costs of higher education are shifted.

14 Until relatively recently there have not been charges for tuition in most European countries (Johnstone, 1998: 8).

However, in the Netherlands for example tuition fees were introduced in 1991 (Boezerooy, 2003: 38) and by 2005/2006 all students were liable for a flat fee of Euro 1496 (approximately $AUD2250) (de Jonge and Berger, 2006). For non EU students, or EU students over 30 years of age, fees are effectively deregulated – that is, determined by the institution. At the same time maintenance grants and support have become less generous – either in absolute amount or by the application of time limits, whilst there is a shift towards loans rather than direct grants.

15 In his Foreword to the Report, the Chairman commented:

We recognise the need for new sources of finance for higher education … to provide for growth.

We therefore recommend that students enter into an obligation to make contributions to the cost of their higher education once they are in work.

(Dearing, 1997)
Although in response, the government accepted the recommendation of introducing a standard fee (£UK1000 from 1998) the HECS style option of deferred student fees was rejected in favour the retention the principal elements of the existing financing framework together with a rationalisation of the mix of grants and loans. There was to be no contribution to tuition fees from low income families, nor any increase in parental contribution from middle and high income families. Less than half of all students paid the full amount. However following the 2003 White Paper (The Future of Higher Education) from 2006 whilst ‘up-front’ tuition fees were to be abolished universities were to be able to charge variable fees of up to £3,000. These ‘top-up’ fees were to be added to a student’s loan liability to be repaid on an income contingent basis.

Much of the discussion regarding autonomy refers to universities – in national systems where a binary system continues to operate (that is where higher education consists of both universities and technical institutes or the like) there can be considerable variation between the levels of autonomy of the differing kinds of HEI, with universities generally having higher levels of independence and operational autonomy.

There are exceptions of course – in the Netherlands for example, in the interests of “macro efficiency” Ministerial approval is required for new programmes whilst the Minister also has the right to cancel existing programmes (de Jonge and Berger, 2006: paras 188 & 214).

These ‘negotiated agreements’ may be described variously as profiles (Australia, New Zealand), performance agreements (Finland), financial, teaching and research contracts (Iceland). In Norway there are “annual consultative meetings between the Ministry of Education and Research and the individual HEIs” (Norwegian Ministry of Education and Research, 2005: para 290). In Sweden whilst higher education institutions have no formal role in determining the conditions of the annual “appropriation directive” they are effectively negotiated agreements. The OECD describes these policy approaches more generically as task-oriented contracts or indicator-oriented resource distribution mechanisms (OECD, 2003, p65).

For example in the Netherlands research priorities are determined by to national organisations, such as NWO (the national organisation for scientific research). Whilst NWO is an independent body, the Board of NWO is appointed by the Minister of Education.

See  

The principal elements of the Bologna Process include:

- a clearly defined common goal: to create a European space for higher education in order to enhance the employability and mobility of citizens and to increase the international competitiveness of European higher education;
- a deadline: the European space for higher education should be completed in 2010;
- a set of specified objectives:
  - the adoption of a common framework of readable and comparable degrees …;
  - the introduction of undergraduate and postgraduate levels in all countries, with first degrees no shorter than 3 years and relevant to the labour market;
  […]
  - a European dimension in quality assurance, with comparable criteria and methods;
  - the elimination of remaining obstacles to the free mobility of students … teachers … researchers and higher education administrators.

(Confederation of EU Rectors, 2000: 4)

The proposed common framework is remarkably similar to existing Anglo-American models and frameworks - “a system essentially based on two main cycles, undergraduate and graduate … [with] the second cycle … requiring successful completion of first cycle studies, lasting a minimum of three years […] and the] second cycle …leading to the master and/or doctorate degree ….” (Confederation of EU Rectors, 2000: 8).

The original signatories to the Bologna declaration were as follows: Austria, Belgium (French community), Belgium (Flemish community), Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Swiss Confederation, United Kingdom (Bologna, 2000, p8). Additional signatories include Albania, Bosnia-Herzegovina, “the former Yugoslav Republic of Macedonia”, the Federal Republic of Serbia and Montenegro, the Principality of Andorra, the Holy See and Russia. As of May 2006, 40 countries are involved in the Bologna process. Not all are members of the EU.  
(http://ec.europa.eu/education/policies/educ/bologna/bologna_en.html
Accessed 1 November, 2006).

22 The OECD’s *Tertiary Education for the Knowledge Society*, (Santiago et al., 2008a) devotes an entire chapter to “Assuring and Improving Quality”

23 Examples include FINHEEC (the Finnish Higher Education Evaluation Council) established in 1995, Sweden where quality audits form part of the responsibilities of the Swedish National Agency for Higher Education which was established in 1995, the UK’s QAA (Quality Assurance Agency for Higher Education) established in 1996, the Netherlands’ QANU (Quality Assurance Netherlands Universities), and Norway’s NOKUT (Norwegian Agency for Quality Assurance) established in 2003. Quality assurance is an element of the Bologna process, and so ENQA (The European Association for Quality Assurance in Higher Education) was established in 2004. Its members are the quality assurance agencies of the states which are signatories to the Bologna Declaration. In the communiqué of the Bergen 2005 meeting of European Ministers Responsible for Higher Education (May 2005) ENQA’s standards and guidelines for quality assurance were endorsed. It is probable that the ENQA model will be adopted to a greater or lesser extent across the European Higher Education Area (EHEA) – which the Bologna process hopes to achieve by 2010.

24 Middlehurst uses ‘internal governance’ to “embrace internal management structures, decision making arrangements and leadership roles and the relationship between these internal functions and the role of governing bodies.” (Middlehurst, 2004: 259)

25 The Group of Eight or G8 consists of the heads of government of the US, the UK, France, Germany, Japan, Canada, Italy and Russia. The G6 was convened by the then president of France Giscard d’Estaing in 1975. With Canada becoming a member in 1976 and latterly Russia in 1997, the group is now referred to as the G8. The EU has been a participant since 1977. The G8 is not an international organisation arising from an international agreement or treaty, not does it have charter or permanent secretariat. Rather, it is a political forum.

26 The Bologna process is concerned to incorporate lifelong learning. One of Bologna’s specific objectives is a Europe wide compatible credit system (the European Credit Transfer System or ECTS) to facilitate the transferability of and recognition of credits/qualifications across Europe (including sub degree and/or lifelong learning credits or qualifications).

27 Foundation Degrees have as their objectives:

- [contributing] to the reduction in skill shortages at the associate professional and higher technician level by equipping students with a combination of technical skills, academic knowledge and transferable skills that are valued by employers and students;
- [expanding] the number and range of Foundation Degrees and contribute to widening participation by providing flexible and accessible progression routes for young people starting careers, those in employment, and those returning to work;

(DfES, 2003: 4)

28 In Finland for example, issues of lifelong learning are those concerning mature aged students, and particularly second chance education for those who did not access higher education directly from secondary school (Ministry of Education, Finland, 2005: 48 – 57).

Iceland provides a network of lifelong learning centres across the country – to ensure equitable access to education for those in the regions. Coordination between Lifelong Learning centres and higher education institutions is a policy priority, so that lifelong learning centres may be co-located or associated with higher education institutions (Educational Testing Institute of Iceland, 2005: paras 111 & 113). In addition, higher education institutions are increasingly offering distance education.
Introduction

The principles directing higher education policy and reform discussed in the previous chapter similarly characterise Australian higher education policy. Since the 1980s higher education policies in Australia have privileged the economic imperative of international competitiveness. However, whilst the role of education has remained principally economic there has been over time, a shifting of policy discourses from an emphasis on efficiency and human capital for national competitiveness, to a more multidimensional set of policy discourses.

The Dawkins reforms of 1988 and 1989\textsuperscript{1} marked the explicit articulation of Australian higher education into the economy, with the principal objective of higher education identified as servicing Australia’s economic competitiveness through the development of human capital. Contributing to human capital as an objective of higher education had been an element of the Martin Report (1964) and the Review of Efficiency and Effectiveness in Higher Education (Hudson, 1986); however, it was in the Dawkins reforms of 1989 in which human capital and the contribution of higher education to Australia’s international competitiveness became central.

Whereas the specifics of policy may have varied between Labor and Liberal governments, the substantive policy objectives have remained the same, principally enhancing Australia’s competitiveness in the international economy. Labor and Liberal/Coalition policies differ in the extent and emphases on the particular rationalities of market relations, accountability and audit. Whereas Labor policies accord more closely to the post-Fordist ‘Left Moderniser’ model of Brown and Lauder, the Liberal/Coalition policies are more closely aligned to the neo-Fordist pattern – Gamble’s social market and laissez-faire strands of neo-liberalism respectively.
Under both Labor and Liberal/Coalition governments, policies were directed towards reforming higher education institutions themselves in order to ensure their efficiency and productivity, and hence the capacity of the higher education system as a whole to ‘deliver’ the human capital gains and the enhanced economic competitiveness which were the overarching objectives of policy. Declining levels of funding – or disinvestment - disciplined higher education institutions, students and staff/researchers into more entrepreneurial practice.

This chapter provides a chronology of higher education policy in Australia from the late 1980s to the mid 1990s, under the Hawke and Keating Labor governments. It does not pretend to be comprehensive, providing a detailed analysis of all dimensions of higher education policy over the period; rather, it is concerned to review higher education policy in order to demonstrate its governmental strategies, its shifting priorities and emphases. A number of policy directions are evident - the conceptualisation of higher education as a means to achieving national economic priorities/imperatives, privatisation expressed in increasing levels of student fees, the international trade in education services, and the move towards concentration and selectivity in research funding, together with patterns of governance consistent with the New Public Management (NPM).

Three main area of concern are discussed in this and the next chapter [which deals with policy under the Howard Liberal /National Party coalition government (1996 – 2007)] – the funding of teaching and research, state/ higher education relations and the internal governance of institutions and industrial relations. Funding policies are especially important because they are an effective mechanism for enforcing policy directions and priorities – particularly in circumstances where the government of the day believes the sector, individual institutions, academic staff, students and researchers to be resistant to its proposals and strategic directions. Gallagher quotes Williams who observed that ‘finance is a means not an end’, rather:
a funding mechanism is not merely a device for allocating resources from providers to users. It is also a system of control and important two-way channel of communication between the providers and the users. The terms on which funds are offered show the priorities of those who receive them; the ways in which they are used reveal the preferences of those who use them.

(quoted in Gallagher 2003: 5; Emphasis added)


The economic context

The restructuring of the Australian economy away from its traditional reliance on natural resources and primary production towards one based more upon skills, particularly intellectual skills, was an organising imperative of Australian public policy – including education policy - from the mid 1970 onwards. During the mid 1970s stagflation (rising inflation and unemployment) discredited the Keynesian framework which had characterised the post second world war period, and marked the beginnings of a transition in the character of modern capitalism, particularly in terms of the role of the state.

As with other western nations Australia engaged with this transition from the Keynesian compact to the resurgence of neo-classical economics, which, in arguing the primacy of the private rather than the public, and the centrality of the market as the organising principle of social life, helped effect the move whereby, from a quasi-interventionist manager of the economy, the state became the facilitator of the market.

Hence, a principal objective of public policy during the 1980s and 1990s was to enhance Australia’s economic efficiency and international economic competitiveness, through the strategy of ‘opening’ the economy to the world and subjecting it to the ‘discipline’ of international markets. The background to this was that Australia’s economy had been particularly susceptible to the cyclic booms and recessions of the world economy because of its dependence - some would claim overdependence - on the export of primary products (both agricultural and mineral) and its protected non-
export oriented manufacturing industries (Emy, 1993: 14-20; Kelly, 1992: 30; Harcourt, 1992: 7-10). The initial stages of this shift were concerned with the structural framework or parameters of the economy as a whole - the macro-economic focus. These included the deregulation of the financial sector, and the floating of the Australian dollar in December 1983. This was followed by a focus upon micro-economic reform, and particularly after the re-election of the Hawke Labor government in 1987, reform of the education ‘industry’.

Under Labor (1983 – 1996) Australia - the ‘lucky country’ - was to be transformed into the ‘clever country’. As I have described in more detail elsewhere (Dudley, 1998), this transformation was to be achieved via the Accord – an agreement between the Labor party in government and the Australian trade union movement (the Australian Council of Trade Unions or ACTU) (see also Jennett and Stewart, 1990). The Accord was effectively a neo-corporatist model of labour and government policy co-operation with economic restructuring as its principal objective – the social wage elements of the Accord were soon marginalised. Economic restructuring was a self evident imperative to ensure Australia’s economic competitiveness in the global capitalist economy. Through such a transformation in economic competitiveness, the Australian state would become a competition state (Cerny, 1990: 205), and accordingly, the prosperity and security of the nation would inevitably be assured.

Together the Labor government and the union movement advocated a post-Fordist route to economic competitiveness in concert with a social democratic settlement between capital and labour comparable to Scandinavia and Germany. Their priorities were industry restructuring, an active rather than reactive trade and industry policy on the part of government, investment in industry and product innovation, together with emphases on formal training and union modernisation. These post-Fordist principles are also recognisable elements in the micro-economic reform policies of Labor after 1987.
An economic rationality became the principal and organising framework of policy. Education policy was a particular focus because of its perceived role in the restructuring of national economies in the interests of efficiency, productivity and global competitiveness. Education policy was no longer a separate domain with policy determined according to educational principles, because education was no longer acknowledged as a unique activity. Rather, it was conceptualised as an element of the micro-economy with the role of providing skilled workers for the economy. The assumption was that the productivity, efficiency and work orientation of these skilled workers would enhance Australia’s competitiveness in the international capitalist market-place. Higher education was a significant element of this broader agenda of education reform.

The capacity and performance of higher education in ‘respond[ing] flexibly to the requirements of economic growth’ had been central to the terms of reference of the Commonwealth Tertiary Education Commission’s earlier *Review of Efficiency and Effectiveness in Higher Education* (Hudson, 1986). However, when the microeconomic restructuring of education began, it was decided that the existing policy frameworks and institutional relationships of the higher education ‘industry’ were impediments to maximising the potential of higher education in contributing to the task of economic restructuring.

*The New Public Management (NPM)*

After the Hawke Labor government was re-elected for its third term in 1987, there was a major restructuring of the administration of government. The most obvious expression of this was the re-organisation and amalgamation of existing government departments. However, more important were the changes in administrative practice with the arrival of program budgeting, a focus upon outputs rather than inputs, performance indicators, competition between sectors and programs (Hawke, 1987; Considine, 1988). In accord with the neoliberal principles of the New Public Management (NPM), the efficiency of government was to be enhanced in the
interests of smaller government and the economy. The dominance of this model in the 1987 reforms was reflected in the Prime Minister’s media statement:

The new structure will ... provide the opportunity for improved corporate management processes ... (Hawke, 1987: 12)

The discourse of these reforms of the 'machinery of government' was not public service but management of the business of government (see also Emy and Hughes, 1991: 401-433). Their objectives were efficiency and an enhanced capacity to implement the government's policies of economic restructuring, and greater competitiveness in the international capitalist market-place.

This reorganisation of the Commonwealth bureaucracy marked the second phase of a fundamental reorientation of the administration of government which the Hawke Government had been progressively implementing since its election in 1983 (Marshall, 1988: 22). The goals of the policy were foreshadowed in the pre-election paper Labor and the Quality of Government and articulated in the 1983 White Paper, Reforming the Australian Public Service. These goals were the greater responsiveness of the public service to the policy goals of government and a renewed emphasis on the primacy of ministers with respect to both policy and policy implementation.

The objectives of the Government's proposals are to develop an administration that:
- is more responsive and accountable to Ministers and the Parliament
- is more efficient and effective
... (with) a much closer involvement of Ministers in decisions
(Dawkins, 1983: 1&2)

The restructuring was argued principally in terms of the Westminster principles of democratic and accountable government. However, more importantly, these Australian reforms were consistent with the New Public Management (NPM) reform agenda described in the previous chapter.
The microeconomic reform agenda and the new emphasis on corporate managerialism/NPM were both evident in the reform of the higher education sector initiated by the new Minister for Employment, Education and Training (John Dawkins) in 1987. The fundamental changes to the organisation, goals and management of higher education proposed by the Dawkins reforms, together with the government’s determination to implement its reforms, were outlined in a September Ministerial Statement, *The Challenge for Higher Education in Australia*:

>[T]he Government has made clear its determination that our education and training system should play a central role in responding to the major economic challenges which still confront us.

[...]
Just as [our economic] circumstances have changed dramatically, so too must our attitudes and practices in education and training. [...] the performance of our higher education system is of particular importance to the Government’s objectives.

[...]
... we need to consider also the further growth required in our higher education system to satisfy our future economic and social objectives.

[...]
To the extent that further additions to resources will be necessary, the funding base for higher education will need to be considerably broadened. The implementation of these and other measures will require changes in at least three important areas:

- changes in attitudes, to reflect national imperatives and to ensure that the education system is more flexible and capable of responding quickly and positively to national needs;
- changes in processes, in the way of doing things, ...;
- changes in structures, to remove impediments to change and barriers that dampen innovative approaches.

[...]
We need to address such issues directly and deliberately, where necessary *using funding arrangements as a primary lever for reform*. [...] In short, the Government believes that important changes are required in our higher education system to improve its response to a range of priority national objectives.

(Dawkins, 1987c – emphasis added)

An argument could certainly be made that Australian higher education was in need of reform. Existing policies appeared no longer appropriate to the changing character of higher education and the needs of students. The binary divide was increasingly irrelevant, unmet demand by 'qualified' students was burgeoning, whilst equity issues (access to and participation in higher education by so called disadvantaged
groups) seemed intractable given the funding they received. There were repeated calls for a Committee of Inquiry comparable to the Murray Inquiry (Committee on Australian Universities of 1957) and the Martin Inquiry (Committee on the Future of Tertiary Education 1964), that would reshape higher education policy and provide a framework more relevant and appropriate to the 1990s (Anwyl, 1987a, 1987b, 1987c).

In 1987 Australian higher education was a binary system of nineteen Universities and forty-six Colleges of Advanced Education (CAEs) together with a small number of small specialist institutions. Universities were comprehensive research and teaching institutions, and were funded accordingly, whilst CAEs had been conceived of principally as teaching institutions and having a more vocational focus. However, in the twenty or so years of their existence, CAEs had extended their range of teaching activities beyond the narrowly vocational, whilst CAE academics were engaging in a wide range of research activities. Although the government of the day established the broad framework of policy, through the issuing of formal guidelines, higher education policy and planning was conducted at arms length from the government of the day by an expert education commission, the Commonwealth Tertiary Education Commission.

Policy making was incremental within an existing settlement. The character of state/higher education relations at this time, and the associated policy making processes can be seen as constituting a ‘settlement’ in policy and practice. Seddon (1989) describes a settlement as:

... a truce or compromise which establishes a framework for policy and practice. Within this framework disagreements and conflicts occur, but there is agreement over what to disagree about, over the mechanisms for resolving that conflict and over the range of what might be acceptable resolutions. Contesting and reconstructing the framework is not a major agenda item.

She goes on to observe that:

A settlement persists over a period of time but ultimately the truce breaks down and the framework for policy and practice fractures. Then follows a period of intense politics .... The reconstruction of a framework for policy and practice is the agenda, and different social forces work to dominate that process.
A new settlement emerges when there is agreement over the basic principles ....

(Seddon, 1989: 18)

The reforms – both the substance of the changes themselves and the policy processes by which they were determined – constituted a major paradigm shift and a new settlement with respect to higher education in Australia. This new settlement in higher education was but one element in a new settlement in education more broadly – in terms of both its relationship to the economy and its relationship to the state.

In December 1987 the Minister for Employment, Education and Training released a Green Paper (Higher Education: A Policy Discussion Paper) setting out the government’s reform proposals in some detail (Dawkins, 1987d). However it did not appear to be concerned to initiate a wide ranging discussion canvassing views from the higher education community; rather, the discussion paper was specific and directive. In his September ministerial Statement, the Minister had identified a list of twenty-two issues that were to be addressed. These included:

- desirable rates of growth in higher education, the resources required to achieve this growth, and the appropriate division of responsibility for providing these resources;
- general productivity issues ...;
- the scope for further improvements in efficiency from rationalisation of the operations of institutions involved in multi-campus teaching and amalgamations of smaller institutions ...;
- more effective use of limited resources ...;
- better definition of each institution’s role and mission in teaching and research within a co-ordinated framework of national objectives and priorities ...;
- the future of the present ‘binary’ system of higher education, and removal of any distortions which this entails;
- ... means of providing greater flexibility in the use of staff resources in higher education, including for example: reform of the tenure system ... staff management and appraisal systems ... greater incentives for performance ...
- reform of institutional management and decision-making processes, including changes to the operations of governing bodies and academic boards and the improvement of management systems ...;
- the place of private institutions ...;
- our approach to postgraduate education ...;
It was clear that the Government’s agenda was not negotiable. The Minister would not be

“deterred, however, by the entrenched attitudes of a few ... those who have a vested interest in protection of the status quo, regardless of the wider national interest.”

After a period of ‘consultation’ and debate, the Minister released the policy White Paper (Higher Education: A Policy Statement) in July 1988 (Dawkins, 1988). Whilst there had been over than 600 submissions in response to the Green Paper, in addition to campus visits and consultations (Dawkins, 1988: 3; 1990; 3), the reforms differed only marginally from the policy proposals of the Green Paper (see also Meek and Goedegebuure, 1989: 1; Smart, 1991: 99). Indeed, there were jokes circulating within the higher education community at the time that the only difference between the documents was the colour of the covers! (See also Marginson and Considine (2000: 31) - “How do you turn a Green Paper into a White Paper? Just photocopy it!”)

The rationale for the reforms was the productive use of limited resources, ensuring that the higher education sector advanced the national priorities of economic development and competitiveness, together with the development of a more entrepreneurial culture within higher education:

Consistent with the Government’s objective of excellence in higher education, measures will be implemented to encourage institutions to be efficient, flexible and responsive to changing national needs. These will include

* measures to make more productive use of institutional resources and facilities, including institutional consolidations and more systematic credit transfer arrangements;
* greater targeting of resources at the institutional level and improved institutional management;
* increased flexibility and incentives for performance for both institutions and individual staff; and
* encouragement of an environment of productive competition between higher education institutions.

(Dawkins, 1988: 10-11)

The substance of the reforms was consistent with the issues identified by the Minister in his September statement. They represented the most substantial reorganisation and re-conceptualisation of higher education and its social role since the
democratisation and expansion of universities under Menzies in the post WWII period. Not only was higher education itself to be restructured and its priorities reordered, but its relationship to the state was to be fundamentally changed. The autonomy – or quasi-autonomy – of the academy was to be replaced by a more direct and directive relationship as higher education was incorporated into the government’s supply side planning approach to economic reform.

Under the Dawkins’ reforms, the existing binary divide between universities and CAEs was to be abolished and a Unified National system (UNS) was to be established. A new funding model consistent with this new UNS would replace the research loading associated with the existing universities with funding based on an institution’s ‘educational profile’ and in particular its research activity. Under the UNS institutions would be funded “according to what they do rather than according to an arbitrary classification based on institutional title.” (Dawkins, 1989: 9). Research in particular was increasingly to be funded through competitive grants schemes with the “goal of maximising the research potential of the higher education system and achieving a closer alignment with broader national objectives” (Smith Committee, 1989: 1).

A direct negotiated relationship between individual institutions and the Minister (ie the Department) - the ‘educational profile’ - was to determine the role of an institution and its range of teaching and research activities. The White Paper’s discussion of profiles - they were described as including “Heads of Agreement” – maintained the language of corporate managerialism. The profile was a quasi-contractual relationship embracing the full range of activities of an institution and including:

- A description of the institution’s broad mission, together with its objectives.
- Details of the scope of the institution’s teaching activities ....
- An outline of current research activities and a research management plan
- A statement of intent on measures to achieve national priorities, including equity.
Details of other significant activities
Approved funding levels.

(Dawkins, 1988: 29)

The profile would also reflect the size of an institution:

- an institution would require 2000 EFTSU\(^3\) to qualify for membership of UNS;
- 5000 EFTSU would ensure a broad teaching profile with some research;
- whilst
- only institutions with over 8000 EFTSU could anticipate a comprehensive teaching and research profile.

There was to be a fundamental shift in the focus of higher education from an elite to a mass system – from the existing approximately 395,000 students enrolled (around 10-11 percent of 18 to 24yr cohort of school leavers) graduating around 550 graduates per 100,000 of population, to an objective of 125,000 graduates per year by 2001.

Substantial changes to the funding model were proposed. These involved a move from the triennial provision of recurrent funds in the form of a block grant (together with additional grants for capital works, minor works and specific purpose grants) to Operating Grants which would subsume general recurrent grants, minor works grants, equipment grants, and special research grants. Additional non-Commonwealth funding was envisaged - from the States, from bequests and endowments, from employers, commercial activities and “a contribution from individual students” (Dawkins, 1987d: 87). (The issue of student fees was not addressed directly but was referred to the Committee on Higher Education Funding (Wran, 1988) which was chaired by former New South Wales Premier Neville Wran. The issue of fees is discussed below.)

Consistent with the reshaping of higher education towards servicing the economy and adopting competitive market principles, the research role of higher education was similarly re-organised to maximise efficiency and productivity, with research funding to be determined by competitive principles:
o first, research funds should be allocated competitively, and should go to those institutions, research groups, and individuals best able to make most effective use of them; and

o second, the processes involved in the allocation of research funds, whether to individuals, research groups or institutions and including the establishment of priorities, should be based on explicit criteria which are publicly announced and applied in an open and consistent manner.

(Dawkins, 1989: 21)

This moved research funding mechanisms away from indirect funding (that is, through the core funding of higher education institutions) to direct and competitive funding of individual research projects and/or researchers. This was effected in two ways. Firstly through equalisation – that is abolishing the privileged position whereby the pre 1987 universities had enjoyed a research loading in their core funding⁴; and secondly, through the redirection of research funds to competitive schemes - over the 1989/1991 triennium there was a staged transfer of $AUD65 million from the operating grants of higher education institution to ARC competitive grants schemes. (Only an outline of the policies and principles governing research, research funding and research training was presented in the Green and White Papers – these issues were directed to the specialist Committee to Review Higher Education Research Policy (Smith 1989).

In relation to governance, both the Green and White Papers expressed concern at the collegial character of institutional practice – the election of Deans for example, and the use and role of committees as decision makers causing delay, “inefficiencies and inaction” (Dawkins, 1987d: 50). Their preference was for “strong decisive implementation of ... policies by institutional managers” (Dawkins, 1988: 101). The reforms advocated institutions adopting smaller governing bodies comparable to the boards of private businesses, with “specialised management skills” seen as essential to the management of universities, (which were described as million dollar enterprises).

The Government expects that reviews of institutional management would investigate the most appropriate structures to achieve effective strategic planning, performance monitoring and review procedures, including:
• strong managerial modes of operation, by removing barriers to delegation of policy implementation from governing bodies to chief executive officers and then to other levels, while maintaining a variety of inputs to policy determination;
• adequate levels of accountability to, and of input in, decision-making processes from government, employers, employees, students and the community;
• streamlined decision-making processes that match the needs of individual institutions; and
• maximum flexibility in the capacity of an institution to implement new policies by minimising the time lag between the making and implementation of decisions.

(Dawkins, 1987d: 52 – Green Paper)

In addition, the White Paper argued that rather than a representative model in formulating roles for governing bodies the emphasis should be upon the ‘trustee’ aspects of their responsibilities: that is, on setting broad directions and policies for the institution, and on the consideration of regular reports and reviews of how well the institution is performing. This approach requires the appointment of members who have a positive contribution to make to the development of an institution, and are clear about their role as a member of the institution’s governing body.

(Dawkins, 1988: 102 - White Paper)

The White Paper also foreshadowed the introduction of ‘accountability mechanisms’ and the development of performance indicators appropriate to the new higher education funding arrangements and the profiling process. These “should cover such issues as student demand and course completion rates, quality of teaching and curriculum design, relative staffing provision and measures of academic staff performance in various aspects of research, publication, consultancy and other professional services.” (Dawkins, 1988: 85 & 86)

There were also to be common salary scales across the newly created UNS, together with greater management of staff performance. In accord with market principles, ‘flexibility’ through special allowances, salary loadings and the like, would recognise excellence in teaching and research, and would address issues of quality and productivity.

Finally, private institutions were acknowledged but neither rejected nor advocated - however the primacy of public institutions was not emphasised.

Table 4.1 provides a summary of the Dawkins Reforms (see page 96).
**Fees**

As a strategy for widening access to tertiary education, the provision of tertiary education without tuition fees had long been an element of the Australian Labor Party (ALP) platform. In 1974 the Whitlam government had enacted legislation which committed the Commonwealth government to taking over from the States the total funding of tertiary institutions, in return for agreements with the States that no tuition fees would be charged.

The Wran Committee reported in April 1988. It concluded that higher education students were in the main from higher socio-economic groups, that students from private schools were ‘over-represented’, and that the lifetime earnings and employment prospects of graduates were well above the average. Together these justified the committee’s recommendation for “a funding partnership in which the beneficiaries make a direct and fair contribution” (Wran, 1988: 5). The proposal was for a deferred fee structure with payments made through the taxation system and contingent upon a graduate income of average earnings. Three rates were proposed – the level of fees in each band reflecting the cost of course provision.

The Higher Education Contribution Scheme, (HECS) was adopted from 1 January 1989. Rather than the differential rates recommended by the Wran Committee, HECS was initially a flat charge to undergraduate students of $AUD1,800 (in 1989 terms) – which equated to approximately twenty-three percent of average course costs (Karmel 1999: 13). The fee was applicable to all students irrespective of course. Fees were to be indexed and there were two payment options – either ‘up front’ and discounted by fifteen percent, or deferred and recoverable on an income contingent basis through the taxation system.

**The Policy Process**

The higher education reforms were developed and implemented by means of the new public management processes/administrative arrangements introduced by the Hawke government in 1987. The process was a major break with the (traditional)
modes of policy review, inquiry and development which had characterised higher education policy making since the post second world war period. Each of the earlier major developments in higher education policy had been developed from Committees of Inquiry chaired either by eminent educators or by citizens eminent in other fields. Examples include the Murray and Martin Reports which had resulted in the Universities Commission and the CAE model respectively. Membership of such committees had traditionally included individuals with expertise in the field. Over time, there had been a developing trend to ‘balance’ the views and role of experts with community representation and also to ensure minority representation (women, indigenous Australians, Australians of Non-English Speaking Background (NESB), etc). However the new administrative model ensured that the government and particularly departments were the drivers of change. Thus in his September 1987 Ministerial Statement Higher Education in Australia (referred to in the Green and White Papers as The Challenge for Higher Education in Australia) the Minister made his position clear:

I have decided to commission the policy discussion paper from within my own portfolio. The Secretary to my Department will establish a task force, with participation by the Commonwealth Tertiary Education Commission. Consultations will be held with outside bodies as appropriate. The discussion paper will confront the range of concerns the Government holds about the current performance of our higher education system.

(Dawkins, 1987c)

Rather than through committees of inquiry, policy was now to be developed through a series of reviews and discussion papers - the most significant of these being the Green and White Papers. There were though, specialist committees to address specific issues – such as the Wran Committee (1988) and the Smith Committee (1989). However these were concerned only to address the detail, specifics or implementation of the policy directions set out in documents such as the Green and White Papers.

In 1987, the autonomous education commissions - the Commonwealth Tertiary Education Commission (CTEC), and the Schools Commission (SC) – were abolished
and replaced by new advisory structures (Dudley 1989; Dudley and Vidovich, 1995). These new arrangements were designed to provide the Department of Employment, Education and Training with greater ‘flexibility’ to respond to national objectives. A National Board of Employment, Education and Training (NBEET) with sub-councils - the Higher Education Council (HEC), the Schools Council (SC), the Employment and Skills Formation Council (ESFC) and the Australian Research Council (ARC) - was to advise the Minister. And whereas CTEC and the SC had been autonomous and independent statutory bodies, empowered to conduct their own research and to publish their own reports, only NBEET was to have statutory authority (Dawkins, 1987b).

*Higher Education Policy under Labor post Dawkins - Institutional Governance and Industrial Relations*

The 1988 White Paper had strongly advocated smaller and more business-like governing bodies – or boards – for Australian universities. However, as universities are constituted under State legislation, the Commonwealth was unable either to require or directly enforce such reform. In 1992 a committee was established under the direction of Mr David Karpin to advise the government on measures that could be used to strengthen management development and business leadership within Australian enterprise. In 1995, the committee presented a report, *Enterprising nation: renewing Australia’s managers to meet the challenges of the Asia-Pacific century*, detailing the findings of their review to the then Education Minister in 1995 (the Hon. Simon Crean). As part of the recommendations of the Karpin Committee a number of changes were made in the area of higher education (see Table 4.2 below- page 97). The Karpin recommendations were subsequently rapidly overtaken by the Hoare Review however.

The Higher Education Management Review (Hoare, 1995) with David Hoare (Chairman of Bankers Trust, Telstra Corporation, and Pioneer International, and President of Sydney University’ Graduate School of Business Foundation) as
Chairman, was established in 1995 to review the governance, organisational effectiveness, financial management and accountability of publicly funded higher education institutions. The most significant of the Hoare Report’s recommendations addressed the size and composition of governing bodies suggesting that they should be “typically between 10 to 15 members” (Hoare, 1995: 11) and that the majority of members be external to the institution. This latter recommendation was to ensure that ‘sectional interests’ (that is, the staff, students and alumni of an institution) should not divert the attention of governing bodies from the advancement of the institution as an enterprise. In addition, the Review made extensive recommendations for workplace reform – specifically the introduction of comprehensive performance management for both academic and general staff and an emphasis on enterprise bargaining at the local rather than the national level. (For a summary of the Hoare recommendations, see Table 4.3 below – page 97.)

The corporate governance principles and language of the Hoare Review were consistent with the broader public reform agenda associated with economic rationalism and managerialism – essentially responsiveness to government priorities, and accountability understood principally as the financially efficient use of resources.

In order for universities to respond effectively to the many environmental changes they face they must adopt truly contemporary approaches to governance, managerial capacities and workplace practices.

(Hoare, 1995: 20)

They also represented significant moves away from collegial and collective modes of institutional governance towards more business oriented management practice.

An additional focus of the government’s comprehensive microeconomic reform agenda was industrial relations (IR). In parallel with its reforms in education, the government was implementing a wide ranging series of reforms in industrial relations. Since Federation, Australia had had a centralised system of industrial relations and wage determination at both the Federal and the State level initially through the Commonwealth Court of Arbitration and Conciliation (1904 – 1956)\(^5\) which by 1988 had become the Australian Industrial Relations Commission (AIRC).
However in the mid 1980s coalition State governments (particularly Victoria) were reforming their industrial relations systems in the interests of greater flexibility and choice in workplace negotiations, and enhancing workplace based productivity (Quinlan, 1998). In the late 1980s, as part of the evolving character of the Accord, the Federal Labor government, with the cooperation of the union movement, represented by the ACTU, embarked upon its own IR reform agenda. This moved Australian industrial relations from a centralised industry wide system of wage determination and regulation, to a decentralised enterprise based system of productivity bargaining and negotiation. Thus rather than bargaining between employers and employees - essentially unions - taking place at the industry level, bargaining and negotiations were to take place at the level of the individual firm or enterprise. All such enterprise bargaining agreements (EBAs) were to be subject to a no-disadvantage test (that is, there should not be any diminution of either wages or conditions as a result of an EBA). There was also protection for more vulnerable workers through the retention of awards acting as a safety net.

Whilst initially enterprise bargaining was restricted to private sector firms, in 1993 enterprise bargaining was implemented in the public sector – initially in the Commonwealth public service (the Australian Public Service or APS). The universities of the UNS were also incorporated into the Enterprise Bargaining framework. In 1994 they negotiated separate National Framework Agreements for academic and general staff, with the first round of institution based Enterprise Bargaining beginning in 1995. In the years since the Commonwealth had taken financial responsibilities for universities in 1974, the Commonwealth had provided additional salary supplementation funds to the higher education sector to accommodate academic salary increases. However, in 1995 it declined to do so – the salary increases achieved through enterprise bargaining were to be sourced from greater productivity, efficiency gains, the elimination of waste, and the more effective management of resources.
The first round of enterprise bargaining marked the transition from a system-level salary determination framework and the comparability of academic salaries across the UNS, to a system of institutional based negotiation. It further entrenched the reconceptualisation of higher education and academic work as an *industry*, and that that industry was merely one element in the national economy (*see also Currie, 1992*). It was also to contribute to the development of a culture of ‘enterprise’ within higher education.

Together, the Commonwealth’s preferred models of institutional governance and its industrial relations reforms constituted a major shift in the relationship between institutions, institutional management and academic staff from *collegial* relations to *industrial* relations.

*The export of education services*

As an element of Australian overseas aid programs, international students had been attending Australian universities and colleges since the Columbo Plan of the 1950s. There was also a small but growing number of private students. After a brief period of transition in the mid 1980s, international student numbers became dominated by private full fee paying students, such that by 1987 full fee paying overseas students were becoming a significant feature of Australian higher education institutions. In December 1988 the full privatisation of the overseas student market was announced – effective from 1 January 1990 all new overseas students were to be full fee paying. The industry of the ‘export of education services’ developed rapidly with the recruitment of full fee paying overseas students to existing campuses, the exporting of external courses and packages, the establishment of off-shore campuses, and the contracting of expertise to regional institutions. The number of international students in Australia increased from 13,700 in 1983 to 164,000 in 2005 a percentage increase of approximately 1200% (*ABS, 1995; Linacre, 2007*). (*See Table 4.4 below – page 98*). Revenue from the overseas student market became an increasingly significant source of revenue to higher education institutions such that by 2005 overseas student fees
($AUD2.17 billion) constituted 15.1 percent of higher education sector income (DEST, 2006: 16; Linacre, 2007: 1).

As a result of this rapid expansion, Australia became the third of the major providers of “education services” after the US and the UK. As an indication of its contribution to the broader economy, by 2001, the export of education services had become Australia’s third most significant services export, and fourteenth in terms of exports as a whole6 (OECD, 2004b: 13), whilst by the financial year 2004/2005 it was Australia’s third largest export exceeding the value of wool, wheat and beef exports (Linacre, 2007: 1). (See Table 4.5 below – page 98.)


With the establishment of the Unified National System, Australian higher education moved from an elite to a mass system. The outcomes orientation of the new arrangements and the accountability requirements embedded in the new institutional relationships between government and universities, together with OECD concerns for quality and the international quality movement (Vidovich and Porter, 1997: 235) were factors which contributed to and influenced the focus upon ‘quality’ in Australia higher education in the 1990s. In 1991, a process for establishing a system of quality audits was initiated by the then Minister for Employment, Education and Training (Kim Beazley). Under the Committee for Quality Assurance in Higher Education (CQAHE), the process consisted of the competitive allocation of ‘quality funds’ (equivalent to 2 per cent of total operating grants) additional to institutions’ operating grants on the basis of the effectiveness of their quality assurance mechanisms. There were three rounds of quality audits (1993 – 1995) with the additional monies acting as an incentive to institutions to conform to the government’s priorities. Thereafter (from 1996) issues of quality assurance (QA) were incorporated into institutions’ profiling reporting obligations (Gallagher, 2003: 30). The emphasis on efficient and documented QA processes and performance indicators, and ‘managing for quality’ were congruent with the growing
conceptualisation of students as consumers of education services, the managerialist ethic of institutional governance, the changing relationships of authority and autonomy within and between institutions, and the growing competitive orientation of the UNS – both within institutions and between individual institutions.

*Higher Education Policy under Labor - Summary*

Under Labor, higher education was substantially remade – consistent with the dominant neo-liberal agenda, it was restructured and re-oriented to become more entrepreneurial and enterprising, servicing the economy and organised managerially for efficiency and productivity. Drawing upon the above discussion, five main elements of this shift can be identified.

Firstly, education was reconceptualised principally in terms of its contribution to economic restructuring and national economic competitiveness - education’s role in the economy was the ‘production’ of skilled workers who were to contribute to the successful repositioning of the Australian economy in global capitalism as ‘the clever country’ (Dawkins, 1988: 1, 8, 17-18, 31-32). Emphasis in future planning and growth in the system was to be the ‘likely future needs of the economy and the labour market’ (Dawkins, 1988: 17).

Secondly, the expansion of participation and the focus upon greater equity in the system and access of previously under-represented groups (so called ‘disadvantaged groups’) to higher education was presented as an issue of human capital – barriers to participation needed to be removed in order that the full productive potential of the nation’s population could be directed towards the country’s economic priorities (Dawkins, 1988: 2, 12, 17, 20-21, 53-60). This perspective had been explicitly articulated in the earlier *Skills for Australia*:

A society which does not respond to the needs of its disadvantaged groups will incur the heavy socio-economic costs of under-developed and under-utilised human resources.

[...]
This is not simply a matter of meeting social objectives related to equity. Rather it is an economic argument about increasing the pool of human resources available ....

(Dawkins and Holding, 1987: 15–16 emphasis added).

Thirdly, with education reconstituted as a private rather than a public or collective good, a range of forms of ‘privatisation’ were to shift the funding of higher education from government or the state to individuals and the private sector. Efficiency and an entrepreneurial culture were to be enhanced via the introduction of competition for research funding and also for teaching resources – the latter funded by a small but significant reduction in operating grants.

A fourth element was the devolution to individual institutions of greater control over, and responsibility for, their spending and administration, and also for achieving the ‘agreed priorities’ which were to be negotiated between government and individual institutions via institutional profiles (Dawkins, 1988: 71-78). In addition, institutions were exhorted to introduce ‘streamlined’ and efficient models of corporate management and ‘flexible’ staffing (Dawkins, 1988: 3, 101-113).

Finally, the character of the reform proposals themselves, and the nature of the relationship envisaged between institutions and government, would appear to provide a high level of autonomy and independence for those within the system, be they institutions, institutional actors, individual academics or individual students. This ‘freedom’ was pivotal in government discourse:

The Government will also ensure that institutions are free to manage their own resources without unnecessary intervention, while at the same time remaining clearly accountable for their decisions and actions. [...] Institutions will be free to establish to their own priorities and develop their strengths, to accredit their own courses, to develop a broader base of funding support and to introduce more flexible staffing arrangements. Unnecessary restrictions will be lifted ....

The higher education system currently costs the Australian taxpayer around $2800m each year. Accountability for the expenditure of these resources will be a shared responsibility.

The Commonwealth will identify national goals and priorities for the higher education system, and ensure that system-wide resources are allocated
more effectively in accordance with those priorities. At a more detailed level, the Commonwealth will adopt new funding mechanisms that give maximum autonomy to institutions in the management of their resources, within a framework of agreed institutional goals and objectives. The performance of institutions against these goals will be a key factor in determining their future levels of income from Commonwealth sources.

(Dawkins, 1988: 10)

This, however, was a limited or constrained autonomy. The freedom of institutions was limited and checked by the Commonwealth’s ‘national goals and priorities’, the profiling process and the terms of the accountability required of higher education institutions by the government. Arguably, therefore, these policies constituted a case more of ‘steering at a distance’ (Ball, 1994: 54, 66) than of autonomy and independence.

In 1996, the Australian Labor Party (ALP) which had governed Australia since 1983 under Prime Ministers Hawke and Keating, was defeated and a Liberal/National Party coalition7 government was elected under the leadership of John Howard. Coalition policies were to eliminate the ‘bureaucratic regulation’, ‘intrusion’, ‘government red-tape’ and corporate managerialism of Labor’s approach to policy and accountability. In contrast, they were to enhance the ‘autonomy’, ‘flexibility’ and ‘choice’ of institutions, together with support for greater ‘diversity’ in the system (Meredyth, 1998: 20-22)8. Nevertheless, Coalition policies sustained and built upon the broad directions initiated under Labor, albeit with a more strongly market and demand oriented focus. Whereas under Labor there was a “shift from academic-referenced to state referenced-direction”, Coalition policies represented a “shift from state-referenced to market-referenced direction” (Gallagher, 2000: 11). This is quite consistent with the policy orientations of the parties – Labor having a more interventionist approach consistent with a social market neo-liberalism whereas the Liberal Party /Coalition policies were more aligned to laissez faire neo-liberalism.
## TABLES

**Table 4.1:** The Higher Education Sector Pre and Post the Dawkins Reforms – Principal Features

<table>
<thead>
<tr>
<th>Prior to 1988</th>
<th>Post 1988</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Binary System</td>
<td>o Unified National System</td>
</tr>
<tr>
<td>o Commonwealth Tertiary Commission</td>
<td>o New funding arrangements – operating grants provided as block grants</td>
</tr>
<tr>
<td>o CAEs were funded on the basis of teaching</td>
<td>o Creation of Australian Research Council (ARC) with associated ‘clawback’ of research funds from former Universities’ operating grants</td>
</tr>
<tr>
<td>o Universities were funded on the basis of both teaching and research</td>
<td>o Emphasis on competitive allocation of research monies via ARC and NHMRC on basis of ‘excellence’</td>
</tr>
<tr>
<td>o Institutions funded through multiple specific purpose grants</td>
<td>o Educational profile for teaching and research – basis of funding</td>
</tr>
<tr>
<td>o No tuition fees for Australian students</td>
<td>o Expansion in student places</td>
</tr>
<tr>
<td></td>
<td>o Introduction of partial ‘user pays’ through the Higher Education Contribution Scheme (HECS)</td>
</tr>
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<td></td>
<td>o Creation of National Board of Employment, Education and Training (NBEET) – ARC a constituent Council of NBEET</td>
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<td></td>
<td>o Consolidation of institutions</td>
</tr>
<tr>
<td></td>
<td>o Changes to the governance and management of Institutions</td>
</tr>
<tr>
<td></td>
<td>o New sources of income including international students</td>
</tr>
</tbody>
</table>
Table 4.2: Karpin Recommendations

<table>
<thead>
<tr>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of an enterprising culture within formal education and training</td>
</tr>
<tr>
<td>Development of articulated TAFE-university undergraduate courses in small</td>
</tr>
<tr>
<td>business formation and management</td>
</tr>
<tr>
<td>Management for diversity</td>
</tr>
<tr>
<td>Information and quality control for management schools</td>
</tr>
<tr>
<td>The drive for improved quality for management schools</td>
</tr>
<tr>
<td>Industry linkages for management schools</td>
</tr>
<tr>
<td>International links for management schools</td>
</tr>
<tr>
<td>Curricula in postgraduate and undergraduate management education</td>
</tr>
<tr>
<td>International business skills program</td>
</tr>
<tr>
<td>MBA students consulting with small business owner/managers</td>
</tr>
<tr>
<td>Articulation for management schools</td>
</tr>
<tr>
<td>Human resource management of academics</td>
</tr>
</tbody>
</table>


Table 4.3: Hoare Review Recommendations

<table>
<thead>
<tr>
<th>Hoare Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the management, the financial and asset management and the financial</td>
</tr>
<tr>
<td>accountability of HE institutions</td>
</tr>
<tr>
<td>Reduction in the size of institutions governing bodies – to approximately 10 or 15</td>
</tr>
<tr>
<td>That the majority of members of an institution’s governing body be external to the</td>
</tr>
<tr>
<td>institution</td>
</tr>
<tr>
<td>Strategic plans with clearly defined objectives, strategies and quantitative and</td>
</tr>
<tr>
<td>qualitative performance indicators</td>
</tr>
<tr>
<td>Comprehensive performance management /human resource management of both academic and</td>
</tr>
<tr>
<td>general staff</td>
</tr>
<tr>
<td>Adequate representation of women in decision-making processes</td>
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<tr>
<td>Enterprise bargaining focussed at the workplace rather than the national level</td>
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<tr>
<td>A University Change Implementation Scheme to support HE institutions in developing</td>
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<td>more consistent and appropriate management practices</td>
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</tbody>
</table>

Table 4.4: Growth of International Student enrolments in Australia 1994 - 2001

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HE (public)</td>
<td>43,721</td>
<td>124,734</td>
<td>+185.3</td>
</tr>
<tr>
<td>HE (private)</td>
<td>-</td>
<td>4532</td>
<td>-</td>
</tr>
<tr>
<td>Vocational education (public &amp; private)</td>
<td>19,479</td>
<td>39,845</td>
<td>+104.6</td>
</tr>
<tr>
<td>English language Course (private)</td>
<td>26,173</td>
<td>49,380</td>
<td>+88.7</td>
</tr>
<tr>
<td>Schools (public &amp; private)</td>
<td>12,780</td>
<td>15,112</td>
<td>+18.2</td>
</tr>
<tr>
<td>TOTAL ALL SECTORS</td>
<td>102,153</td>
<td>233,408</td>
<td>+128.5</td>
</tr>
</tbody>
</table>

Source: OECD (2004b: 224)

Table 4.5: Export Earnings from Foreign Students, 1989, 1997 and 2001

<table>
<thead>
<tr>
<th></th>
<th>1989</th>
<th>1997</th>
<th>2001</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>USD million</td>
<td>Percentage of Total service exports</td>
<td>USD million</td>
</tr>
<tr>
<td>Australia</td>
<td>584</td>
<td>6.6</td>
<td>2190</td>
</tr>
<tr>
<td>Canada</td>
<td>530</td>
<td>3.0</td>
<td>595</td>
</tr>
<tr>
<td>New Zealand</td>
<td>-</td>
<td>-</td>
<td>280</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2214</td>
<td>4.5</td>
<td>4080</td>
</tr>
<tr>
<td>United States</td>
<td>4575</td>
<td>4.4</td>
<td>8346</td>
</tr>
</tbody>
</table>

(N.B. Aus and NZ data includes non-tertiary students)

Source: OECD (2004b: 32)
ENDNOTES

1 The Hon John Dawkins who was Commonwealth Minister for Employment, Education and Training under Labor Prime Minister Bob Hawke, was a particularly energetic and directive protagonist of the government’s reform proposals, not only in Higher Education but also in schooling and vocational education. It is not inappropriate therefore that the fundamental changes to HE policy of the late 1980s are usually referred to as the ‘Dawkins reforms’.

Lingard, Knight and Bartlett (1993) refer to the shift in policy focus to the Minister and his department as the ‘ministerialisation’ of education policy, and certainly the reforms of the Higher Education sector demonstrated the potential for speed and responsiveness of policy implementation when policy was sourced from the Minister’s office.

2 The department was to be Education, Employment and Training; however, it became Employment, Education and Training - the Minister considered employment and participation in the economy to be the natural focus and priority of education (Dawkins, 1987a:1) and hence of primary importance.

3 An EFTSU is an “Effective Full Time Student Unit”

4 There was a distinctly pragmatic element to this also - the government was not prepared to provide research funding for the new universities at the levels of the pre1987 universities

5 This system of centralised conciliation and Arbitration was an element of what Paul Kelly calls ‘the Australian settlement’. See his book The End of Certainty (1992) for his extended discussion of the breakdown of the Australian settlement during the 1980s.

6 Whilst these figures include all educational services such as language course and secondary schooling, public higher education providers constitute 53.4% of the market and together with private higher education providers, 55.4% (OECD, 2004b; 174, Table 4.17). Thus higher education is the major contributor to the export income earned from education.

7 The Liberal Party of Australia, whilst founded upon Liberal principles in 1944 by Robert Menzies (later Sir Robert Menzies) parallels the British Conservative party more closely than it does the Liberal Democrats. The National Party – originally The Country Party – has traditionally been the party supported by rural landowners. Thus the Liberal and National Parties are the parties of property – urban and rural.

8 The anti-bureaucratic policy orientation of the Liberal/National Party coalition government (Meredith, 1998: 22) is reflected in the approximately 15 percent ‘downsizing’ of the Australian Public Service (APS) between the Coalition’s election in 1996, and 1998. (In contrast, the decline in the decade 1986 – 1996 under Labor was approximately 24 percent.) The Coalition’s public service reforms envisaged a model of an APS pared down to a ‘core service’ providing policy advice, whilst policy implementation and/or the delivery of services was contracted out to the private sector.
CHAPTER 5: HIGHER EDUCATION POLICY IN AUSTRALIA
1996 – 2007

Introduction

The Howard Liberal/National Party Coalition government elected in March 1996 maintained the economic direction of higher education policy and continued the broad patterns of reform and governance initiated under Labor. There were, however, a number of substantive changes (initially more of degree rather than kind) reflecting the socially conservative and economically liberal character of the government. Prioritising individual choice and demand side rather than supply side approaches, the Howard government rejected the more statist national planning and coordination which had characterised Labor’s approach to higher education policy. Its market was not to be the managed quasi-market of Labor – rather its rhetoric was of independence, market freedom and de-regulation.

The government moved quickly to establish its preferred framework of user pays and more deregulated market relations between universities/institutions and students. These 1996 Budget measures would “preserve and strengthen higher education and give it freedom to adapt to competition while still achieving efficiency gains” (Senator the Hon Amanda Vanstone, Minister for Employment, Education, Training and Youth Affairs, Budget Statement, Higher Education, Canberra 9 August 1996, quoted in Senate Employment, Workplace Relations, Small Business and Education Committee 2001: 47, para 3.47). With operating grants to decline by 4 percent over the 4 year period 1996 – 2000, universities were required both to become more efficient and to ensure higher levels of funding from private sources. Continuing the policies of its Labor predecessor, the government declined to index university operating grants to provide funding for staff salary increases, thereby ensuring effective additional declines in operating funding.
The reconstitution of education as a private rather than a collective responsibility was furthered through changes to HECS and student support programs. From 1997, programs of study were differentiated into three bands with differing levels of HECS liability based on the cost of provision and perceptions of the greater private benefit students would receive in their later working lives\(^1\) whilst the repayment threshold was reduced to below average weekly earnings. In contrast to the twenty-three percent of average course cost when HECS was introduced in 1989, the percentage of course costs of the new HECS regime ranged from 80.5% for Law to 26.0% for Agriculture and Animal Husbandry. The median rate was 37.5% of actual course costs (Karmel, 1999: 14). Levels of student support declined in real terms to below the statistical poverty line and the age of independence was raised from 22 to 25 years. In addition, with the removal of the legislative impediment to enrolling fee paying Australian (domestic) undergraduates\(^2\) from 1998, universities were to be free to enrol private Australian students. A further element of the government’s privatisation agenda - emphasising the private rather than the public benefit of investing in education - was that in order to ‘quarantine’ undergraduate places from the effect of the funding cuts, universities were to convert fully-funded domestic postgraduate coursework places to fee-paying places, thereby transferring the fully funded load to the undergraduate level (Budget Statement, Higher Education, Canberra 9 August 1996, as quoted in Senate Employment, Workplace Relations, Small Business and Education Committee 2001: 47, para 3.47)\(^3\).

Learning for Life: Review of Higher Education Financing and Policy

“Learning for Life - The West Review - was announced in the 1996 Higher Education Budget Statement and appointed in January 1997 by the Minister, Senator Amanda Vanstone, to develop a policy and funding framework for higher education in the 21st century. The Committee was to make its recommendations in the context of:

- the level and nature of industry demand for higher education graduates and higher education research, and the contribution that graduates and research … make to the competitiveness of Australian industry;
and

the increased emphasis on competition, contestability and competitive neutrality principles;

(West, 1998: 177-179)

The Review framed its recommendations as a commitment to lifelong learning and the re-visioning of Australian society as a ‘learning society’. However, a particular priority was to put principles and policies into operation that would eliminate “perverse incentive(s), inflexibility, restrictions on competition and entry to the market ….” (West, 1998: 21). Its recommendations were based on the premise that universities needed to develop a ‘direct financial relationship’ with students and stakeholders (West, 1998: 24), in order to ensure the competitive behaviour of institutions. The Review therefore recommended a shift from the existing regulated quasi-market relationships between universities, and between universities and the state, to a more fully competitive and demand oriented market based approach - “a policy framework that is driven by the needs and preferences of those who use the services of universities” (West, 1998: 15). This was to be effected by a shift firstly, to ‘student centred funding’ – that is, funding following students’ choices of programs, courses and institutions; and secondly, by ensuring the ‘responsiveness of Higher Education research to the needs of the users of that research’ (West, 1998: 15).

The principal and most contested recommendation was that school leavers and mature age student who had not previously undertaken post secondary study would qualify for a ‘lifelong learning entitlement’ (West, 1998: 24). These ‘consumers’ (students) would ‘purchase’ education services from a provider (existing public universities, existing private universities, or new private higher education institutions be they Australian or international) using their financial resources (their learning entitlements). In other words, the model of funding proposed was that of a voucher system. Cash or real money could be used as an alternative to a voucher if the student had ‘expended’ their entitlement (for example, in the circumstances of an individual wishing to undertake a second undergraduate degree).
At the same time, the review recommended that a framework of financial accountability to students - consumer protection and complaints procedures comparable to existing models of consumer protection in the retail economy –be established, together with the provision of data enabling ‘consumers’ to compare institutions. Such measures would ensure the efficient operation of the market through students (that is, ‘consumers’) being fully informed, and so being able to differentiate between the ‘products’ being offered by particular educational service providers. Finally, some form of safety net would ensure the continuing existence of those “disciplines deemed to be in the national interest, and for which all provider-based options for preserving those disciplines have been exhausted” (West, 1998: 28).

University research practices were similarly argued to be in need of the stimulus of competition, to enhance their capacity to service high technology industries and the associated skilled workforce essential to “an outwardly oriented, knowledge based economy” (West, 1998: 16). A ‘student centred’ focus was again recommended – institutions were to compete nationally for research students. Student mobility and choice would enhance efficiency and make the most and best use of limited research resources.

Finally, establishing in Australia “a world class higher education industry” (West, 1998: 15) was to be achieved through competition between existing institutions and between public and private providers. Echoing the analysis and recommendations of the Hoare Report, the West Review was highly critical of existing regulatory and governance arrangements. It argued firstly, that they were limiting the capacity of institutions to respond flexibly and innovatively to their consumers and to changing education market circumstances and opportunities; secondly, that they inhibited the development of improved management practices in universities; and finally that together with ‘subsidies’ for ‘public’ universities, they were effectively preventing the establishment of private institutions, and so breaching principles of competitive neutrality.
The Review was blunt in its message to institutions regarding its vision of the Australian university of the 21st century:

Sooner rather than later, universities will need to address the essential incompatibility of a view of the world based on collegial decision making and an alternative view based on executive decision making and reflected in the size and style of operation of most business boards.  
... the imperative for universities to review and modify their decision making structures will intensify as their environment changes. Failure to address the inflexibilities of their current decision making processes will mean that institutions will not be well placed to operate under any financing and regulatory framework which increases competition among institutions and gives greater influence to student choice.

(West, 1998: 23&24)

The long term objective and preferred model for Australian higher education articulated in the Review was a fully deregulated competitive higher education system in which individual students (consumers of education services) would receive a lifelong learning entitlement to post secondary education and training, and in which funds would follow student choices. Loans on an income contingent repayment basis would be available to students to enable them to attend the institution of their choice. There would effectively be no limits to the tuition fees institutions could charge - other than the discipline of the competitive market. No institution would be guaranteed core funding – all funding would be dependent on student choices as demonstrated through enrolments. There would be no differentiation between public and private higher education providers (HEPs) nor between Australian and international higher education providers (the principle of competitive neutrality), with students able to use their ‘entitlement’ at any approved / accredited higher education provider. The report acknowledged that transforming Australian higher education would require time, and so outlined a staged progression - ‘a decade of managed reform’ - towards its vision of a fully decentralised and competitive system of higher education provision (West, 1998: 114-119, 167, 170 - 175). A summary of the West Review’s recommendations is provided in Table 5.2 below – see page 128.

The Review presented its final report to the then Minister, Dr. David Kemp, in April 1998. However, other than an in-principle rejection of the voucher proposals and a
broad endorsement of the need for institutional flexibility and ‘responsiveness’ to student and industry needs, there was no comprehensive response by the government to the recommendations of Learning for Life prior to the forthcoming October election³.

After the re-election of the Liberal/National Party coalition to government in 1998, Dr. David Kemp was re-appointed Minister for the newly streamlined Ministry for Education, Training and Youth Affairs. In 1999 a Cabinet submission by David Kemp (Kemp, 1999a) was leaked to the Labor Opposition (see Senate Employment, Workplace Relations, Small Business and Education Committee 2001, Appendix 4). The Minister was seeking Cabinet endorsement of his preferred framework for reform of higher education - principally student funding and industrial relations. The proposed framework had two priorities – firstly, addressing under-funding and the associated financial difficulties of universities but without the provision of additional government funding; and secondly, ensuring that both universities and students were more responsive to “what government wants [and] industry needs” (Kemp, 1999a: 432, para 4). Kemp presented two alternatives to Cabinet – incremental change, or more radical proposals which were consistent with the deregulatory directions articulated by the West review. The key features of Kemps’ preferred “demand-driven system” included “a universal tuition subsidy” or voucher, the abolition of the existing HECS system, and deregulation of places and fees. Specifically, the proposals were as follows:

- abolition of current controls over the number of places a university can offer, allowing students greater choice over where they study;
- a universal tuition subsidy which follows the student to accredited higher education courses offered by quality-assured public and private providers;
- student fees for tuition set by providers;
- a universal loans scheme to help students pay tuition costs, with a real rate of interest and repayable thorough the tax system on an income contingent basis;
- a total Commonwealth funding envelope which meets government policy and fiscal objectives achieves a fair-sharing of costs, reflecting both public and private benefits from higher education; and
- revised quality assurance arrangements which facilitate the entry of new players ....

(Kemp, 1999a: 433, para 6)
Workplace reform – “staffing flexibility” and particularly the primacy of Australian Workplace Agreements rather than enterprise bargaining agreements – were to be pursued “vigorously”, through additional funding being contingent upon institutions implementing the government’s industrial relations agenda. (See 5.3 below – page 129 - for a summary of the policies proposed.)

Kemp’s submission argued that the:

... policies will have major benefits in terms of jobs, wealth creation, social inclusion, cultural dynamism and intellectual creativity. In particular, the generation and transmission of new knowledge through our universities expands the capacities of our economic, social and cultural institutions. Better educated, better skilled people and the commercialisation of good ideas create new market opportunities, improve our capacity to adapt and change – drive regional and national enterprise and employment growth and underpin the aspiration to be a ‘can do’ country.

(Kemp 1999a: 431 para 1)

It also suspected that, because of existing practices and policies “[t]he university system has only weak incentives to be responsive to the actual needs of ... the economy [and] perversely prevents students from investing in their own futures.” (Kemp, 1999a: 432, paras 2 & 3). Kemp concluded that

[es]entially we face a choice – shoring up the existing system ... or putting in place a new system ... which ... secures our future in the global knowledge economy and underpins lifelong learning.

(Kemp, 1999a: 432, para 4)

Following a period of robust attacks by the Opposition, the Prime Minister repudiated the proposals for the deregulation of fees and admissions. However, research remained a focus whilst the workplace reform proposals resurfaced some months later in the Workplace Productivity Programme (1999), which linked $260 million in additional funding over three years (equivalent to approximately two per cent of the salary component of an institution’s operating grant) to a range of workplace requirements. University Enterprise Agreements had to include at least 9 of 14 provisions to receive the additional funding. The conditions were concerned principally with more direct relations between institutions and staff, and efficiency in management and administration.
Research Reforms under the Coalition

New Knowledge, New Opportunities (Kemp, 1999b), a discussion paper on higher education research and research training was released by the Minister (David Kemp) in June 1999 with a three month consultation and comment period. The policy White Paper – Knowledge and Innovation (Kemp, 1999c) - was released in December. There were few if any changes in the final policy document demonstrating that the consultation process was more concerned with fine-tuning than with policy principles. The emphasis was the integration of higher education research into Australia’s “national innovation system” (Kemp, 1999b: 9, para 1.36). Research was conceptualised principally as a basis for innovation-based economic growth and increasing international economic competitiveness.

Australia’s capacity to generate new knowledge is fundamental to the strength and health of our society. It must underpin our economic growth and our capacity to effectively solve social problems. […] Provided our research is conducted within an entrepreneurial culture and within settings which … encourage investment, there is no reason why our research strengths cannot lead to many new enterprises and the jobs that will accompany them. […] Research that is responsive to the needs of industry and developed in a collaborative way should also help create an entrepreneurial climate attractive to venture capital. Our universities have a key role to play in securing these benefits ….

(Kemp, 1999b: v)

[The] changes make the best use of available resources to ensure that the research and research training undertaken in Australian universities continues to be world class and that the new knowledge it generates is effectively linked to innovation in Australian industry.

(Kemp, 1999c: iv)

The principles guiding the policy were excellence, institutional autonomy and responsiveness, student choice, linkage and collaboration, and transparency, contestability and accountability (Kemp, 1999c: 6 & 7). Performance based funding for infrastructure and research training maintained the principles of research concentration and selectivity that had organised research funding since the Smith review of the Dawkins period, whilst the deregulatory framework was consistent with the West Review’s recommendations.
A newly independent Australia Research Council (ARC) was to administer the National Competitive Grants Programme (NCGP) with Discovery and Linkage elements. Discovery Grants supported basic or fundamental research, whilst Linkage Grants were designed to address the Green Paper’s concern that “[r]esearch in our universities is too often disconnected from the national innovation system.” (Kemp, 1999b: 9, para 1.36). Collaboration between business and industry, and/or other research agencies was to foster not only commercialisation and a greater economic and industry focus for higher education research, but also the development of a more entrepreneurial culture within the research community.

The deregulatory ‘student centred funding’ of both West and the Minister’s 1999 Cabinet submission were reflected in the portable research ‘scholarships’ which were to become the basis of postgraduate research training provision. The Research Training Scheme (RTS) would fund institutions for research training scholarships according to performance (higher degree completions, research income and publications). However, akin to a voucher system, a scholarship, once awarded, would be portable, so that if a student were to transfer to another institution the funded load would go with them. At the same time, the maximum period of funding for doctoral students was to be four years whilst for M. Phil students it was to be two years. Performance based funding of infrastructure continued – performance being the proxy or measure of ‘excellence’.

Institutions would be required to develop Research and Research Training Management Plans and finally, consistent with the government’s commitment to ‘contestability’ and national competition policy, the Institutional Grants and the Research Training Schemes (the IGS and RTS) were to be open to any accredited Higher Education Provider (HEP) – in other words both public and private institutions were to be treated equally.
Barely a year later, the Prime Minister released his government’s ‘innovation action plan’ *Backing Australia’s Ability: Real Results, Real Jobs* (BAA - Howard, 2001). Whilst this whole-of-government five year policy programme for innovation, science and technology was not concerned solely with research in the higher education sector, it was certainly significant for higher education research policy. There were three key elements to BAA: research and development, commercialisation, and the development and retention of skills. Again the policy was directed towards international economic competitiveness, arguing that in

... an increasingly competitive world environment [...] the recognition that success in the 21st century will depend predominantly on the innovative capacity of nations, their industries and their research and educational structures.

(Howard, 2001: 4)

There was additional money for the ARC ($72.3 million in 2001 rising to a total or $736 million by 2005-2006); *Federation Fellowships* – a flagship programme of 25 high profile and prestigious research fellowships (worth $AUD225,000 per year); additional research infrastructure funding; the establishing of Centres of Excellence in both Information and Communications Technology, and Biotechnology; the ability to apply for ARC National Competitive Grants Program (NCGP) funding was to be extended to all government funded research institutions (such as the CSIRO); funding for additional undergraduate places in science, information technology (IT) and mathematics (10,000 over 5 years); and programmes to “to foster scientific, mathematical and technological skills and innovation” in schools. *Backing Australia’s Ability* would “reinvigorate the research base, and provide targeted support to drive commercial outcomes” (Howard, 2001: 7). However its initial funding was modest - $AUD159 million in 2001-2002.

In addition, legislation establishing the Postgraduate Education Loans Scheme (PELS) was passed in 2001. The programme was to take effect from the beginning of 2002 with PELS providing loans to cover the full market fees charged by institutions for postgraduate coursework (non-research) degrees. Comparable to HECS, it operated according to the principle of deferred income contingent re-payment.
However, unlike HECS, there was no ‘up-front’ discount. (See Table 5.4 below – page 129 - for a summary of the provisions of Knowledge and Innovation (Kemp 1999c) and Backing Australia’s Ability (Howard, 2001).)

Although the AVCC had been unsuccessful in making education and higher education in particular an election issue in 1998, it had continued to argue and lobby for the investment of “patient capital” in universities as the nation’s future:

The realisation by governments in many countries that universities are critical to the nation’s development in the ‘knowledge age’ has seen a marked reversal of earlier trends to reduce the public investment that was part of economy or ‘efficiency’, drives. Our competitor nations are now investing heavily in their universities – in education, research, infrastructure; and some are reaping the benefits of the increased patient capital that only governments can, and should, invest for their community.

[Emphasis in original]

[...] Without substantial extra public investment in Australia’s universities, average but possibly highly efficient universities of the future will not play the critical role that only they can in the development of a prosperous Australia ....

[...] For a country like Australia, being average is to fail – not just for us but for those who will inherit this country from us.

[...] It is a simple fact that if our universities slip, so will Australia.

(AVCC, 2000: 3)

Prior to the 2001 election (10 November 2001) this theme - the investment of “patient capital” as imperative to Australia’s future prosperity - characterised much of the debate surrounding education and higher education in particular.

The successful nations this century will be those which exploit the knowledge economy.

The central task for governments this century will be the creation of a knowledge-based society ... the new reform agenda.

(Beazley, 2000)

There was an attempt on the part of Labor and the university sector itself to ensure that higher education became a significant election issue in the 2001 elections. To this end Labor developed its Knowledge Nation policy – a framework for integrating Australia into the newly emerging global Knowledge Economy. The document which was released in July 2001 argued that investment in higher education should be a national priority to counter the risk of Australia’s falling behind both
comparable OECD countries and the developing world. The principal conclusion of *Knowledge Nation* was the urgency of the need for both governments and citizens to ‘invest’ in education and knowledge to develop Australia as a *Knowledge Nation*, that is, as a world leader in key industries – specifically Information and Communications Technology (ICT), biotechnology, environmental management products and services, the export of education products, and the export of medical products and services.

Should Australia neither understand nor heed this imperative, not only would the nation lag behind its [international] competitors, but Australian society would be fractured and divided, unequal and unjust. The choice was stark and uncompromising: Knowledge Nation or national decline - economic and social.

Consistent with Labor’s post-Fordist / social market policy orientation, it was the state which would drive and co-ordinate the required investment in national prosperity and security. Thus the creation of the ‘knowledge nation’ would be the result of active investment by the state: investment in economic prosperity, economic security, social inclusion and social cohesion (achieved through economic participation). *Knowledge Nation* was essentially a state centred document … its focus being structural rather than individualist and student centred.

Competitor states, including most notably the United States, have recognised that public investment in the R & D base is the critical precondition for the development of biotechnology industries and other high-tech industries. This is an investment in creating new economies made by government on behalf of citizens.

(Knowledge Nation Taskforce, 2001: 35)

These concerns over Australia’s capabilities in the new knowledge economy was echoed by others and not restricted to universities or the public sector. At his address to the annual dinner of the Business Council of Australia (October 2001), the President, Dr John Schubert argued that investment in Australian education was a necessary condition of a “fair, clean, safe and prosperous Australia”.

Overall … Australia expenditure on education … raise(s) real questions about Australia’s capacity to develop a strong knowledge based economy.
Frankly, this hardly rates as a pass. Instead Australia should be aiming for a high distinction by increasing its investment in education and training to bring it to at least the OECD average.

[...] We ... strongly endorse investment in education and training policies which will build the long-term skills and learning capacities of our people.

In similar vein Rupert Murdoch addressed “The Human Wealth of Nations” in the inaugural Keith Murdoch Oration (October, 2001):

…the key to the future of any country is not its physical resources or industrial capital: rather, it is human capital that will fund the health and growth of nations in the next thousand years.

[...] Without urgent support for our centres of learning, Australia is at risk of becoming something worse than globally disadvantaged: it is no exaggeration to say we are threatened with global irrelevance.

However, education and particularly higher education were not major election issues in 2001. In the post September 11th environment, together with refugee arrivals and the Tampa7, the dominating issues were security and border protection.

**Coalition Policies 2001 - 2006**

Dr. Brendan Nelson became Minister in November 2001 and set in train the most wide ranging reforms to higher education since the establishment of the UNS in the late 1980s – covering teaching, quality, workplace productivity, governance, student financing and research.

*Higher Education at the Crossroads* (Nelson, 2002) was released in April 2002. A consultative document/discussion paper, it invited submissions and comment on matters ranging from the financing of higher education, teaching and learning, quality, equity, governance and workplace relations, to internationalisation, the performance of Australian universities, and the appropriate balance between the public and private funding of the sector as a whole and more specifically of students. The Minister’s preface promised an open and consensual process:
Though the issues canvassed in this and subsequent papers do not represent government policy, they hopefully commence a process that should culminate at year’s end with a general consensus for consideration by government.

Fourteen years after the last major reforms to higher education with amalgamation of Colleges of Advanced Education with universities and the introduction of the Higher Education Contribution Scheme (HECS), it is time to take stock of where we are, where we want to go and how we intend to get there.

(Nelson, 2002: v)

And the report concluded as follows:

The Government welcomes an open and frank debate about the next steps that need to be taken in developing Australian higher education policy.

(Nelson, 2002: 43, para 1999)

Although the framework for consultation was presented as a series of questions, the policy agenda was clear – further significant deregulation of student fees and admissions, within a more regulated industrial relations framework together with the ‘empowerment’ of university administrations to manage their enterprises as businesses. Together, these would secure an individualistic, entrepreneurial and business-like culture in students, staff and institutions. Specifically the consultation process was concerned with

- increasing the “productivity of learning” (p20);
- ensuring that institutions and their courses are “responsive to the needs of students, employers and other stakeholders” (p21);
- “achieving world class capability in knowledge advancement” (p25)
- fostering differentiation between institutions through “allow[ing] higher education institutions to determine their own futures in response to incentives that reward diversification” (p25)
- efficiency through “rationalising … courses offered” (p2);
- increasing and monitoring “staffing productivity” (p25);
- improving the efficient use of universities’ capital (p2);
- greater efficiency in universities’ administrative processes (p27)
- staffing flexibility (p29)
- more effective enterprise bargaining (p29)
- improved performance management of staff (p30)
- binding university boards to act for the university as a whole (p29)
- addressing the structural and institutional elements which limit the capacity of universities to diversify their sources of revenue (p32)
- reconceptualising the public funding of higher education as a public subsidy and hence problematising the “appropriate balance of public and private contributions” (p39)
- eliminating differentiation between public and private providers with regard to public subsidies (p40)
Crossroads was followed by a series of focussed issues papers. The topics included funding, the governance and management of universities, equity issues and quality assurance - and again feedback and submissions were invited.

The result of the review process was released by the Minister in May 2003 – *Our Universities: Backing Australia’s Future* (BAF – Nelson, 2003). In spite of the sector’s commitment and participation in the review process, the analysis and policies of BAF were remarkably consistent with those of Fightback! (the 1993 Coalition election policy framework under Dr. David Kemp as Shadow Minister for Education), West, and Minister Kemp’s 1999 Cabinet submission (see Tables 5.5, 5.6, and 5.7 below – pages 130 - 132). In essence, the proposed policy framework was a mix of the deregulation of fees and admissions (a form of market discipline) together with governance and workplace relations regulation to discipline both institutions and staff to conform to governmental priorities. The relationship between individual students and higher education was to be organised according to demand oriented market principles - individuals would invest in their own education through fees. The existing funding model of Block Operating Grants was to be replaced by the Commonwealth Grants Scheme (CGS), a purchaser provider model of funding agreements with individual institutions which would “deliver a specified number of Commonwealth supported places in particular course disciplines” (Nelson, 2003: 12). Over-enrolment and enrolment outside the agreed institutional discipline mix would be penalised. Deregulatory elements included the partial deregulation of fees (institutions would be free to set their own fees within a range of 0% to 130% of equivalent HECS rates), a five year Learning Entitlement for all Australian citizens, permanent residents, and New Zealand citizens, HECS replaced by a loans scheme (HELP - Higher Education Loan Programme), and the relaxing of restrictions on institutions enrolling domestic full fee paying undergraduates.

Neither a deregulatory agenda, nor the governmental concern for institutional autonomy were evident in BAF’s policy proposals for governance and workplace reform (Nelson, 2003: 37 & 38). Additional Commonwealth funding per student was
available conditional on institutions conforming to the Commonwealth’s National Governance Protocols (Commonwealth Grant Scheme Guidelines No. 1, 2006 – hereinafter CGSG, 2006) and workplace relations policies (Nelson, 2003: 37). These were premised on universities being multi-million dollar enterprises which need to be managed “in a business-like fashion” (CGSG, 2006: 15). A principal focus was the size and practice of governing bodies. University Councils were to be streamlined with fewer members (a maximum of 18 members) and most of those external to the institution. Drawing upon best practice models from the business sector, Council members were “to be ‘trustees’ of the institution and act solely in the interests of the university rather than as a delegate or representative of a particular constituency” (CGSG, 2006: 16). In particular:

Each member should be appointed or elected ad personam and should be responsible and accountable to the governing body (council) and act solely in the interests of the university rather than as a delegate or representative of a particular constituency. Duties of members should include the requirements to:

- act solely in the interests of the institution taken as a whole having regard for its objects;
- act in good faith, honestly and for a proper purpose;
- exercise appropriate care and diligence;
- not improperly use their position to gain an advantage for themselves or someone else; and
- disclose and avoid conflicts of interest.

(CGSG, 2006: 46)

BAF did not address the issue of research in Australian universities in any detail arguing that research funding had recently been addressed by the policies of Knowledge and Innovation (Kemp, 1999c) and Backing Australia’s Ability (Howard, 2001). Rather, as in all other aspects of university administration and governance, the focus of BAF was the need for evaluation and streamlining.

The basis of its workplace reforms was the government’s preferred industrial relations model of Australian Workplace Agreements (AWAs). Additional funding to institutions (approximately $AUD 400 million) would be made available to institutions which “demonstrated compliance with the Commonwealth’s workplace relations policies” (Nelson, 2003: 15). These included

- The use of Australian Workplace Agreements (AWAs).
The removal of restrictions on casual and fixed-term employment from enterprise agreements;

A ban on provisions to cap workloads, increase paid maternity leave, higher redundancy benefits or other improvements in employment conditions without offsetting productivity increases;

The BAF reforms were to replace the Workplace Productivity Programme initiated in 1999 by the then Minister Dr. David Kemp. (See Table 5.6 below (page 131) for a summary of the BAF changes)

Whilst there were minor amendments to the BAF reforms in the Senate - the Learning Entitlement was extended to seven years, the maximum fees institutions could charge was reduced from 130% of the 2005 equivalent HECS rate to 125% and the conditionality of additional funding contingent on the implementation of the national governance protocols and workplace reforms were removed from the legislation - the government’s reforms passed through the Parliament and the BAF reforms were progressively implemented between 2004 and 2006.

Contrary to expectations, the government won a majority in the Senate in the 2004 election. After 1 July 2005 therefore the government had little trouble in ensuring its legislation passed though the parliament un-amended. Thus in 2005 the Higher Education Legislation Amendment (Workplace Relations Requirements) Bill 2005 providing for a series of workplace reforms in the higher education sector became law. The Higher Education Workplace Relations Reforms (HEWRRs) required that

- From November 2005, all new university staff were to be offered AWAs, and all existing staff by August 2006.
- Enterprise Agreements were to include a provision to enable AWAs to override collectively negotiated Agreements.
- Enterprise Agreements would be precluded from provisions restricting or capping fixed-term and casual employment.
• Agreements could not limit management’s capacity to make decisions – effectively precluding consultative change management processes and practices
• Third parties (such as Unions) were not to be involved in industrial matters except at the request of an affected employee.

As in 1999 and 2003, additional funding to the sector was conditional on implementation of the HEWRRs framework.

It had taken the government almost a decade but at its third attempt, its preferred model of industrial relations was finally in place.

The Research Quality Framework (RQF)
The goal of developing an objective, transparent and robust mechanism for the delivery of performance based funding for research and research infrastructure was revisited in the Research Quality Framework (RQF) policy which was initiated in 2004 under the then Minister Dr. Brendan Nelson. The government’s commitment to implementing the RQF was announced by the new Minister for Education, Science and Training, Julie Bishop in November 2006. Whilst there had been a substantial period of discussion and consultation with the higher education sector, this was concerned more with the methodology and detail of the assessment exercise than the issue of a research assessment exercise itself.

Comparable to the models of the British Research Assessment Exercise (RAE) and New Zealand’s Performance Based Research Fund (PBRF), the RQF would establish both the ‘quality’ and the ‘impact’ of research and was to become the principal mechanism for the distribution of non grant research infrastructure funding - essentially the Institutional Grants Scheme (IGS) and Research Infrastructure Block Grant Scheme.

Research groups of high quality individual researchers were to be the focus of assessment. Universities would submit evidence portfolios for these research groups.
of the four best research outputs of staff over the preceding six years. Thirteen discipline based Expert Assessment Panels (including at least fifty percent international experts) would evaluate and rate both the quality and impact of the research groups’ work. These ratings would inform the distribution of research infrastructure funds. In order to foster both a diversity of institutions, and the concentration of research excellence, wherever the research had been conducted, the output of a researcher would be attributed to the institution where the researcher was located at the time of the assessment exercise.

The exercise would be undertaken on a six year cycle – subject to the evaluation of the first round. The Development Advisory Group (DAG) also claimed that the RQF “recognis[ing] and reward[ing] high quality and high impact research” would “in turn … encourage greater investment from Australia’s business community” (DAG, 2006: 11). In these respects, it would become an integral element of the nation’s innovation strategy providing business and industry with robust and transparent information to guide investment decisions.

Table 5.7 below (see page 132) provides a summary of the reforms initiated by Minister Nelson in the areas of research and industrial relations.

The Export of Education Services

Whilst there had been very substantial growth in the overseas student market under Labor (see Chapter 4), it was under the Howard government that institutions became particularly dependent on international students (both onshore and offshore) as a source of revenue. Whereas initially the revenue was ‘discretionary’ (that is additional to core funding), with the abolition of indexation by Labor in 1995 and the Howard government’s funding cut-backs, revenue from international students increasingly came to constitute core funding for higher education institutions. By 2005, overseas student fees ($AUD2.17 billion) constituted 15.1 percent of higher education sector income (DEST, 2006: 16; DEST, 2007: 59). Public funding for higher
education, on the other hand, had declined by four percent in real terms between 1995 and 2004, whilst per domestic student the decline was twenty-seven percent (Marginson, 2007: 5). The overseas student market was particularly attractive to institutions because neither the fees charged, nor the numbers enrolled, were regulated or limited by government so that there were real opportunities to ‘recoup’ deteriorating public finding. Marginson (2007: 5) argues that “international fees became an unambiguous substitute for public finding “(emphasis in original).

Governmental regulation was principally in terms of consumer protection – protecting international students from unscrupulous private providers (through provider registration) and through AUQA (the Australian Universities Quality Agency) ensuring the quality of offerings (particularly offshore programmes and trans-national delivery) (DEST, 2007: 96)\(^\text{14}\).

As a result of this extremely rapid expansion, by 2005, overseas students constituted just over twenty-five percent of total enrolments in Australia universities (rising from around seven percent in 1992) and Australia had become the third of the major providers of “education services” after the US and the UK. By the financial year 2004/2005 the export of higher education services exceeded the export earnings of wool, wheat and beef, and constituted Australia’s third highest export earner (Linacre 2007: 1, 5).

Postscript:

2007 - The Rudd Labor Government and the Bradley and Cutler Reviews

During 2007 the policy focus was on the implementation of the RQF. However 2007 was an election year with the Howard Liberal / National Party Coalition government attempting re-election for an historic fifth term. Again, higher education was not a priority during the election campaign which was fought principally on the issue of industrial relations. However, the Labor party under Opposition Leader Kevin Rudd committed itself to an education ‘revolution’ – although specific higher education commitments were absent from its revolutionary agenda. The Rudd Labor
government was elected on 24 November, 2007, and the deputy Prime Minister, the Hon. Julia Gillard, became Minister for Education, Employment and Workplace Relations and Social Inclusion. Higher education policy was yet again the subject of a review – the Bradley Review (Bradley et al, 2008), to be chaired by Emeritus Professor Denise Bradley AC, former Vice-Chancellor and President of the University of South Australia (UniSA).

This review of higher education was to:

examine and report ... on the future direction of the higher education sector, its fitness for purpose in meeting the needs of the Australian community and economy and the options for ongoing reform.

It was also to:

assess whether the education system is capable of:

• contributing to the innovation and productivity gains required for long term economic development and growth; and
• ensuring that there is a broad-based tertiary education system producing professionals for both national and local labour market needs.

Consistent with the directives outlined above, one of the Bradley review’s seven key objectives was productivity and participation. It was to consider the ways and means of:

Enhancing the role of the higher education sector in contributing to national productivity, increased participation in the labour market and responding to the needs of industry. This includes the responsiveness of the sector in altering the course mix in response to student and employer demand and an understanding of trends in the economy, demography and the labour markets served by higher education.

Research was not a focus of the Bradley Review. Consistent with policy through the 1990s with its distinct and separate focus on innovation, research became the responsibility of a separate portfolio - Innovation, Industry, Science and Research. Clearly, from the portfolio’s title, research (and indeed science) were conceptualised instrumentally – as means to the end of innovation. And in January 2008, the new minister, the Hon Kim Carr, commissioned a Review of the National Innovation System (the Cutler Review, 2008) preparatory to a White Paper on innovation scheduled for early 2009.
Overview of Policy Directions under the Coalition

The objectives of policy under the Coalition privileged the efficiency and productivity of institutions themselves and of the sector – ‘doing more with less’ - with the assumption that efficiency would enhance the sector’s effectiveness with respect to the economic objectives of government. The priority was for market oriented competitive and demand driven individual universities and ‘higher education providers’ rather than a coordinated university or higher education sector.

Whilst the discipline of reduced funding was an element of this project, it was the governance of universities that was identified by the government as crucial - both state/university relations, and the internal governance of institutions. To this end - in the words of West 5 years earlier - the Government was “re-engineer[ing] the regulatory framework of higher education”

Our goal is for institutions offering higher education services to become more responsive and accountable to those who use them. Regulation is simply a means to achieving that end. The question that needs to be answered is not ‘Do we have too much or too little regulation?’ but rather ‘What kind of regulatory framework is appropriate to support the development of a more responsive and competitive higher education system, and how should that framework be implemented?’

(West: 1998: 102)

The government was determined to eliminate norms and practices which it saw as antithetical to its purposes. This was reflected in the remarkably consistent language used by the government over the decade – in West, Kemp and in BAF concern is expressed as to ‘the perverse incentives’ of the existing regulatory and governance framework. In the West Review the term perverse appears throughout – for example:

The incentives generated by current arrangements are perverse;
the perverse incentive structures which apply to Australian higher education institutions ...;
Instead of the perverse incentive structures, inflexibility, restrictions on competition and entry to the market;
...the Commonwealth’s existing higher education policy and funding framework ...
has significant weaknesses—its incentive structures are perverse and it lacks flexibility
(West, 1998: 19, 20, 21, 113)

In Kemp’s Cabinet submission he argued that “The current regulation of undergraduate fees limits university revenue and perversely prevents students from
investing in their own futures.” (Kemp 1999a: 432, para 3 - emphasis added), whilst BAF argues for “changes to … perverse incentives for institutional and individual behaviour” (Nelson, 2003: 3 - emphasis added).

There was vast growth in the numbers of international students enrolling in Australian universities over the decade. However, in spite of the growth in real terms of non-government sources of funding, the effect of the decline in government funding was no net gain for institutions; rather, the increasing proportion of University budgets acquired from non-government sources meant a progressive shift from public provision of education to private purchase (see Marginson and Considine, 2000: 56; Senate Employment, Workplace Relations, Small Business and Education Committee 2001: 34, para 3.4; Nelson 2002: 52; Gallagher, 2003: 25; Marginson, 2007: 5).

There was an element of pragmatic fiscal relief to this privatisation – in other words, cost shifting from the state to the users of higher education reduces the financial responsibilities and demands upon government and the state. However, ideological considerations also weighed heavily. The following example demonstrates. In the Crossroads Discussion Paper, Figure a3 (Nelson, 2002: 61) university income over the period 1939–2000 is summarised by source. In 2000 the proportion of University income provided by students was higher than at any time since 1951 (in 2000 it was twenty-seven percent, in 1951 it was nineteen percent) and was heading towards pre-war levels when Universities were elite institutions and a majority of students attending were from higher SES backgrounds (in 1939 the proportion of income derived from students was thirty-one percent). In its accompanying comments, Crossroads approves the:

gradual movement since the late 1980s to restore the share of university income derived from students.

(Nelson, 2002, p61 – emphasis added)

This comment is revealing - the term restore suggests that is normal for students to bear a substantial individual cost, and that a high level of private investment in an
individual’s educational capital is appropriate. In addition, the term suggests that public funding of higher education students is aberrant and that such policies from 1974 - 1990 were abnormal, anomalous and perverse.

Overall, whilst the government’s rhetoric was of deregulation, of individual choice and the freedom of institutions to chart their own course - steering by the state was retained. Whilst there certainly were deregulatory impulses - such the freedom of institutions to enrol international students - in the main, the objectives, role and practices of higher education were increasingly extrinsically determined and the autonomy of universities increasingly constrained and circumscribed.


Under Labor (1987 – 1996) the state had operated as a strategic planner with a focus upon managing supply for the labour market according to ‘national priorities’. The state was effectively the principal ‘client’ of universities with the needs of the economy (that is business and industry) serviced through the policy interventions of the state. Higher education was incorporated into nation building. Whilst the objective of the national interest, of the public interest, was to be achieved through the private choices of individual citizen, these choices were themselves mediated through the steering of institutions and the higher education system according to national priorities. In contrast, higher education under the Howard Coalition governments (1996 – 2007) was characterised by more market-oriented systems of governance. Competition was progressively deregulated, with the goal a direct relationship between the ‘clients’ of higher education (business and industry, and also students) rather than a relationship mediated by the state. Institutions and the higher education system were to serve the private interests of its ‘consumers’ and thereby – indirectly – the public good. The emphasis was on market forces, deregulated competition, privatisation and consumer protection. An objective of policy was the development of enterprise or entrepreneurial universities,
entrepreneurial staff/researchers, and the concomitant shift from an academic ethos to an enterprise or entrepreneurial culture.

Substantial forms of privatisation characterised the Labor reforms although these did not include any significant differentiation between public and private higher education institutions or ‘providers’. The state’s commitment was principally to public institutions although the reform agenda required public institutions to source private investment. Privatisation was expressed though the introduction of tuition fees for domestic students through the Higher Education Contribution Scheme (HECS), considerable expansion in the numbers of fee paying international students, and the requirement that higher education institutions diversify their sources of funding to include private sources such as industry, sponsorships, consultancies, donations, bequests, and alumni support. Although institutions and the higher education system were to become more market oriented and competitive, the competition was more a managed or regulated competition, with competitive relations similarly managed and regulated. Higher education policy was positioning institutions and the higher education system to serve the public good directly.

Features of the increasing privatisation of higher education – that is higher education constituted as principally a private rather than a public good - under the Coalition were the introduction of a three-tiered HECS system (the bands based upon both the cost of course provision and expected future earnings) together with the lowering of repayment earnings thresholds; public disinvestment through both unfunded or only marginally funded growth together with actual cuts to funded places particularly at the postgraduate coursework level; the growth in international student numbers and the associated shift in funding from public to private sources (principally overseas students and their families); the incorporation of non-public institutions into the HECS system; and the policy objective of a private-demand driven (or ‘student centred’) system through a ‘post secondary lifelong learning’ entitlements redeemable at either public or private ‘providers’. The Coalition’s policy goal of ‘diversity’ - that is a hierarchically differentiated system, with different institutions
serving different constituencies and some few institutions ranked as ‘world class’ and ‘globally competitive’ - informed the changes to the HECS regime, whereby individual institutions were free to determine their HECS fees for particular courses within a series of bands.

The privatisation and funding policies of both Labor and the Coalition both substantially shifted responsibility from the state to the individual – between 1987 and 1997 the proportion of higher education funding provided by government fell from eighty-five percent to fifty-four percent (Marginson and Considine, 2000: 56) whilst by 2005 only forty-one percent of higher education financing was sourced from public funds (DEST, 2006, Armitage, 2006: 23; see also Moodie 2006: 28). The proportion of higher education revenue contributed by students had reached 38 percent - the highest level in Australia’s history (Gallagher, 2005: 15).

The shifts from “academic-referenced to state referenced-direction” under Labor and from “state-referenced to market-referenced direction” under the Coalition (Gallagher, 2000: 7 - 12) represent fundamental changes in the nature of the relationship between higher education and the state – in terms of the autonomy of higher education itself and also its capacity for independent action and self direction. In essence, it means that higher education is no longer a separate activity with independent and particular goals, roles, practices and characteristics; rather, it has been subsumed within an economic rationality and re-conceptualised as a service industry whose principal objective is to foster and service the economy – both as a service industry in its own right (for example through the export of education services) and also as a source of the skills and innovation to drive Australian competitiveness in the ‘knowledge economy’. It means also that its capacity for steering is effectively minimal; rather, it expends a good deal of energy and intellectual effort rowing in the directions preferred by the government of the day.

It is a truth universally acknowledged that investment in knowledge, research and innovation are the ‘drivers’ of international competitiveness in the globalised
knowledge economy. In parallel yet different ways, Labor and the Coalition attempted to refashion higher education to provide the innovation, adaptability, education and skills to enable the Australian economy to prosper in the ever dynamic and unpredictable international economy. This dissertation argues that this has broader ramifications, as neo-liberalism reconfigures citizenship from its social and political origins to a more competitive and economically entrepreneurial form. To achieve international economic competitiveness, a new kind of citizen is required, that is, one with a competitive entrepreneurial spirit – in other words, an active economic citizen. My argument is that the changes in higher education reviewed in Chapters 3 to 5, are both subsequent upon and contribute to producing this kind of citizen. I therefore now turn to an exploration of citizenship itself, exploring its meanings, traditions and the changes wrought by neo-liberalism.
Table 5.1: The Higher Education Sector Pre and Post the 1996 election of the Howard Government

<table>
<thead>
<tr>
<th>Prior to 1996</th>
<th>Post 1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Non-differentiated HECS</td>
<td>o Productivity dividend (4% - 5% reduction in funding over 3 years)</td>
</tr>
<tr>
<td>o Prohibition on institutions enrolling fee paying domestic Australian undergraduate students</td>
<td>o Differentiated Higher Education Contribution Scheme (HECS) and reduction of re-payment threshold</td>
</tr>
<tr>
<td>o Partial deregulation of postgraduate coursework degrees</td>
<td>o Capacity of institutions to enrol full fee paying domestic Australian undergraduate students on top of Commonwealth funded load.</td>
</tr>
<tr>
<td>o Enterprise bargaining – national framework agreements</td>
<td>o Full deregulation of postgraduate coursework degrees</td>
</tr>
</tbody>
</table>
Table 5.2: Essential Elements of Higher Education Policy in the 1993 Liberal Party election manifesto: *Fightback!*

<table>
<thead>
<tr>
<th><strong>Fightback! HE Policy</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o HE organised according to market principles and regulated via the market rather than by government</td>
</tr>
<tr>
<td>o Autonomous competitive HE institutions</td>
</tr>
<tr>
<td>o Deregulation of fees and admissions (ie fees and admissions to be determined at the institutional level)</td>
</tr>
<tr>
<td>o Funding of students rather than institutions through <em>National Education Awards</em> (NEAs) or vouchers</td>
</tr>
<tr>
<td>o Loans - to be repaid via HECS – to cover differences between NEAs and institutional fees</td>
</tr>
<tr>
<td>o Institutions free to enrol private fee paying domestic Australian undergraduates (ie those not in receipt of a NEA)</td>
</tr>
<tr>
<td>o Development of a Private Higher Education sector</td>
</tr>
<tr>
<td>o Deregulation of IR through institution based EB and private voluntary individual employment agreements rather than collective sector wide enterprise-bargaining.</td>
</tr>
<tr>
<td>o Replacement of NBEET with a Higher Education Commission</td>
</tr>
<tr>
<td>o Maintenance of competitive allocations of research funding</td>
</tr>
<tr>
<td>o A component of research infrastructure funding conditional on institutions developing applied research contracts with industry.</td>
</tr>
</tbody>
</table>

Sources:
Chapman (1993) and Marginson (1993)


### Table 5.3: Recommendations of the West Review: Learning for Life

<table>
<thead>
<tr>
<th>West Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Market model of higher education provision through ‘student centred funding’</td>
</tr>
<tr>
<td>o A ‘direct relationship’ between institutions and students through deregulation of fees and admissions (i.e., fees and admissions to be determined by institutions)</td>
</tr>
<tr>
<td>o Lifelong Learning Entitlement (a portable universal tuition subsidy or voucher)</td>
</tr>
<tr>
<td>o Market /student centred model of and for research training</td>
</tr>
<tr>
<td>o Competition between institutions for both undergraduate and research students</td>
</tr>
<tr>
<td>o Consumer protection mechanism for students / purchasers of educational services</td>
</tr>
<tr>
<td>o Competitive neutrality between public and private institutions - Higher Education Providers (HEPs)</td>
</tr>
<tr>
<td>o A universal loans scheme to help students pay tuition costs, with a real rate of interest and repayable through the tax system on an income contingent basis – effectively abolition of HECS</td>
</tr>
<tr>
<td>o Establish ARC as an independent statutory body</td>
</tr>
<tr>
<td>o Institutions to consider implementing the recommendations of the Hoare Review</td>
</tr>
<tr>
<td>o Institutions to acknowledge the need for more flexible staffing practices.</td>
</tr>
</tbody>
</table>


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### Table 5.4: Kemp Proposals: 1999 Cabinet Submission

<table>
<thead>
<tr>
<th>Kemp Proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>o A demand-driven system” enabling students to invest in their own futures;</td>
</tr>
<tr>
<td>o Abolition of controls over the number of places a university could offer, allowing students greater choice over where they study;</td>
</tr>
<tr>
<td>o Student fees for tuition set by providers;</td>
</tr>
<tr>
<td>o A universal tuition entitlement or subsidy which followed the student to accredited higher education courses offered by quality-assured public and private providers;</td>
</tr>
<tr>
<td>o A universal loans scheme to help students pay tuition costs, with a real rate of interest and repayable thorough the tax system on an income contingent basis;</td>
</tr>
<tr>
<td>o A total Commonwealth funding envelope which achieved a ‘fair’ sharing of costs between public funding and the individual;</td>
</tr>
<tr>
<td>o Facilitating the entry of private providers players; and</td>
</tr>
<tr>
<td>o Conditional funding to ensure staffing flexibility and commitment within the sector to Australian Workplace Agreements (AWAs) rather than collective bargaining.</td>
</tr>
</tbody>
</table>

Source: Senate Employment, Workplace Relations, Small Business and Education Committee (2001, Appendix 4)
### Table 5.5: Reforms to Higher Education Research Funding

*Knowledge and Innovation (1999)* *Backing Australia’s Ability (BAA) 2000*

<table>
<thead>
<tr>
<th>Knowledge and Innovation (1999)</th>
<th>Backing Australia’s Ability (BAA) 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>o An independent ARC</td>
<td>o Additional $72.3m in ARC funding from 2001 (rising to a total of an additional $736 m by 2005-2006)</td>
</tr>
<tr>
<td>o National Competitive Grants Programme (NCGP) with two elements, Discovery and Linkage (administered by newly independent ARC).</td>
<td>o All government funded research establishments eligible for ARC NCGP monies</td>
</tr>
<tr>
<td>o Performance based block funding to institutions (administered by DEST; implemented from 2001)</td>
<td>o Doubling of ARC Postdoctoral Research Fellowships from 2002</td>
</tr>
<tr>
<td>• <em>Institutional Grants Scheme</em> (IGS) absorbing both the Research Quantum and the Small Grants Scheme (performance criteria: 60% research income, 30% research student numbers 10% research output)</td>
<td>o Salary increases for ARC Fellows</td>
</tr>
<tr>
<td>• <em>Research Training Scheme</em> (RTS) (performance criteria: 50% completions, 40% research income, 10% publications)</td>
<td>o Twenty-five <em>Federation Fellowships</em> - worth $225,000 per year for five years – from 2002</td>
</tr>
<tr>
<td>o Portability of research student ‘scholarships’ ie student centred funding rather than institutional funding.</td>
<td>o ‘Centres of Excellence’ in Information and Communications Technology and Biotechnology funded from the ARC Budget (2002 – 2006)</td>
</tr>
<tr>
<td>o Retention of Research Infrastructure Block Grants (RIBG) Scheme (performance criterion national competitive grants)</td>
<td>o Increases to RIBG scheme</td>
</tr>
<tr>
<td>o IGS and RTS open to accredited private institutions</td>
<td>o Systematic Infrastructure Initiative</td>
</tr>
<tr>
<td>o Research and Research Training Management plans required of all institutions in receipt of funding</td>
<td>o Expansion of the <em>Cooperative Research Centre</em> program</td>
</tr>
<tr>
<td></td>
<td>o Changes to R &amp; D Tax concession to encourage industry to invest in R &amp; D</td>
</tr>
<tr>
<td></td>
<td>o <em>Postgraduate Education Loans Scheme</em> (PELS) from 2001</td>
</tr>
</tbody>
</table>
Table 5.6: The Higher Education Sector Pre and Post the Nelson Reforms (BAF)

<table>
<thead>
<tr>
<th>Prior to 2003</th>
<th>Post 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Commonwealth funding of institutions through Block Operating Grants</td>
<td>o Commonwealth Grants Scheme (CGS) - Commonwealth funding (contribution) for teaching determined by numbers of student enrolled in disciplines</td>
</tr>
<tr>
<td>o HECS standardised across the sector (Students contributing approx 40% of cost)</td>
<td>o Partial deregulation of fees: institutions able to set their own fees within a range of 0% – 125% of equivalent HECS rates – excluding education &amp; nursing (Students contributing approx 55% if maximum fees charged)</td>
</tr>
<tr>
<td>o HECS and PELS</td>
<td>o 7 yr Student Learning Entitlement</td>
</tr>
<tr>
<td>o 25% ceiling on private undergraduate Australian students</td>
<td>o HECS &amp; PELS replaced by HELP (HECS-HELP, FEE-HELP, &amp; OS-HELP)</td>
</tr>
<tr>
<td></td>
<td>o Ceiling on private undergraduate Australian student places raised to 35%</td>
</tr>
<tr>
<td></td>
<td>o Funding of 1400 places at private institutions</td>
</tr>
<tr>
<td>Research – RQF (Research Quality Framework)</td>
<td>Industrial Relations – HEWRRs (Higher Education Workplace Relations Reforms)</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Initiated 2004</td>
<td>Initiated 2005</td>
</tr>
<tr>
<td>o Research assessment exercise to determine distribution of IGS and RTS funds according to research performance, excellence and relevance</td>
<td>o Approximately $300 million over 2006-2007 of CGS funding, contingent on the implementation of the Government’s preferred industrial relations model</td>
</tr>
<tr>
<td>• Quality and impact ratings</td>
<td>▪ All new staff to be offered AWAs by November 2005, and all existing staff be offered AWAs by August 2006.</td>
</tr>
<tr>
<td>• Peer review - assessment panels</td>
<td>▪ Enterprise Agreements to include a provision that allows AWAs to override the collectively negotiated Agreements.</td>
</tr>
<tr>
<td>organised broadly according to disciplines</td>
<td>▪ Clauses restricting the use of fixed-term and casual employment to be removed from Enterprise Agreements.</td>
</tr>
<tr>
<td>• ‘Evidence Portfolios’ of active eligible researchers organised into ‘research groupings’ at institutional level</td>
<td>▪ Unions must not be able to be involved in industrial matters except at the request of an affected employee.</td>
</tr>
<tr>
<td></td>
<td>▪ Universities must have certified Agreements which are ‘HEWRR-compliant’ by November 2005 or August 2006.</td>
</tr>
</tbody>
</table>
ENDNOTES

1 Band 1 - Arts, Humanities, Legal Studies, Social Studies/Behavioural Science, Visual /Performing Arts and Nursing;
Band 2 – Mathematics, Computing, Other Health Sciences, Agriculture, Renewable Resources, Built Environment/ Architecture, Sciences, Engineering, Processing and Administration, and Business or Economics;
Band 3 – Law, Medicine, Medical Science, Dentistry, Dental Services, Veterinary Science.
Thus Law, whilst a relatively inexpensive course, is included in the highest rate band because of the higher than average incomes of legal practitioners.


3 A summary of the 1996 Budget measures is provided in Table 5.1.

4 The Review document was clearly wary of the term “voucher” – its use of the term in its discussion paper had been subjected to substantial criticism. Thus in the final report in a section entitled Vouchers, scholarships and entitlements—what’s in a name? (113&114), the Committee stated its view that

we think that much of the debate about vouchers has been irrelevant to the key policy issue, which concerns the extent to which student choice should determine the amount of funding that a higher education institution receives.

[…] The real discussion should be whether the volume of students for which a university receives government funding ought to be directly determined by student choice, or by negotiations between universities and DEEUY.

5 The attempts of a coalition of the Australian Vice-Chancellors’ Committee (AVCC), higher education unions and students to establish higher education funding as an election issue was unsuccessful with the election fought on the issue of the introduction of a Goods and Services Tax.

6 Earlier, the government had abolished NBEET and its constituent councils. The ARC had been a constituent council of NBEET, so for the ARC to be retained as the body determining and administering competitive research grants programmes, it was necessary to establish it as an entity in its own right.

7 In August 2001 the Norwegian tanker MV Tampa rescued approximately 435 asylum seekers/’boat people’ from a sinking vessel in international waters around 140 km from Christmas Island off Australia’s North West coast. Christmas Island is an Australian territory and for immigration purposes was, at that time, a part of Australia’s migration zone. The Tampa’s captain intended to land the asylum seekers on Christmas Island but he was refused permission to do so by the Australian government. After a period when neither Australia nor Indonesia were prepared to accept the asylum seekers and Norway argued that although the Tampa was a Norwegian vessel, the asylum seekers had not applied for refugee status in Norway, Australian troops boarded and took control of the vessel. In due course the potential refugees were relocated principally to Nauru and also New Zealand whilst their asylum claims were processed in Australia. This was the so-called ‘Pacific solution’. In September legislation was passed excising Ashmore Reef, the Cocos Islands and Christmas Island from Australia’s migration zone (Phillips and Millbank 2003, http://www.aph.gov.au/library/pubs/m/2003-04/04rm22.htm accessed 25 August, 2006).

Border protection was central to the subsequent election (10 November, 2001) with the Coalition’s campaign focussing upon the Prime Minister John Howard’s stance that “We will determine who comes to this country and the circumstances in which they come”.

8 The issues papers were as follows:

- Meeting the Challenges: the governance and management of universities (14 August 2002)
- Achieving Equitable and Appropriate Outcomes: indigenous Australians in higher education (6 August 2002)
- Varieties of Excellence: diversity, specialisation and regional engagement (31 July 2002)
- Setting Firm Foundations: financing Australian higher education (25 July 2002)
- Striving for Quality: learning, teaching and scholarship (21 June 2002)
The consultation process generated in excess of 730 submissions, 49 consultation forums with approximately 800 participants. The Minister also appointed a Reference Group “consisting of a number of eminent Australians representing business, industry, students, the Indigenous community and the higher education and vocational education and training sectors” (BAF: 9).

The essential elements of the higher education polices of Fightback! - the 1993 Liberal/National Party election policy framework under Dr. David Kemp as Shadow Minister for Education - were as follows:

(a) all institutions will be allowed to set whatever price they wish …;
(b) current funding levels will be maintained, with “awards” (vouchers) being distributed to qualified students who are then able to use them to pay all or part of the charge in a course and institution to which they are admitted;
(c) HECS arrangements are to remain in place for students with awards, so that about 20 per cent of average course costs will still be paid back through the tax system or up front with a discount increased from 15 per cent to 25 per cent of the charge;
(d) the difference, if any, between the price, on the one hand, and the value of the award plus the HECS charge, on the other, to be paid for by the student; and
(e) to assist in the payment of the fee suitable loan arrangements are to be set up to ensure that students are not denied access for financial reasons.

(Chapman 1993: 515)

Comparable to the HECS mechanism, loan repayments would be income contingent.

In addition, institutional enrolments would be comparably deregulated (Chapman 1993: 522). National Education Awards would be equally ‘redeemable’ at private and public institutions/universities and ‘flexibility’ in industrial relations – particularly voluntary employment agreements between individual staff and institutions – would be encouraged/expected (Marginson, 1993: 534 & 536).

Since 1980 minor parties and independents – variously the Australian Democrats, the Greens and to a lesser extent One Nation - had held the balance of power in the Senate such that it had become the expectation that neither of the major parties was likely to control the Senate.

“Since 1996, the Government’s workplace reforms have been driven by a consistent set of principles. These include:

- more direct relationships between employers and employees;
- flexible working arrangements that are relevant to modern business and modern labour market realities;
- freedom of association and choice of representation; and
- a simplified and more accessible system resulting in improved productivity and performance.”

(Higher Education Workplace Productivity Programme, Discussion Paper, DEST, July 2005: 2 – 4)

Biological Sciences; Physical Chemical and Earth Sciences; Engineering and Technology; Mathematics and Info Sciences and Technology; Agricultural, Veterinary, Food and Environment Sciences; Clinical Sciences and Clinical Physiology; Public Health and Health Services; Psychology, Psychiatry, Neurological, Behavioural and Cognitive Sciences; Social Sciences, and Politics; Economics, Commerce and Management; Law, Education and Professional Practices; Humanities; Creative Arts, Design and Built Environment


With abject apologies to Jane Austen!
CHAPTER 6: THE CHANGING CONDITIONS OF CITIZENSHIP

full membership and active participation:
  o in a just, democratic and mutually supportive political community ....

Senate Legal and Constitutional References Committee
*Discussion Paper on a System of National Citizenship Indicators,*
Parliament of the Commonwealth of Australia, May 1995

*Introduction*

Citizenship is a complex and contested concept, a complex and contested status and a complex and contested practice. It is at the same time both a formal legal status which carries rights and obligations, and a normative status of full and equal membership in the imagined community of the nation. Comparably to most western liberal democracies, in modern Australia those who are included, those who have the status of citizen, are those who were either born in the country or who have chosen to become Australian citizens. The legal status of citizenship carries formal rights and obligations - the right and obligation to enrol and vote in both State and Commonwealth elections is fundamental, as it constitutes membership, or formal incorporation into the political community of the Australian nation-state. Although political citizenship is not extended to all, there is a range of benefits and/or entitlements from which resident non-citizens are not excluded, including health care, social and welfare payments and the like. Thus, an individual has rights and obligations by virtue of inclusion.

However, whilst citizenship can be defined relatively simply as membership of a self-governing political community, with the status of citizenship accorded to those deemed capable of self-government, understandings and practices of citizenship go beyond formal legal or political status. Simultaneously a formal legal status, a form of identity and a normative status of full and equal membership in both the social and the national
community, or ‘imagined’ community of the nation (Anderson, 1991), citizenship is essentially about belonging. If citizenship constitutes those who are, and those who are not, members of the national, political and social community, then it is itself constituted by grounds of inclusion and exclusion. This inclusion/exclusion nexus extends beyond the formal legal status of citizenship and includes not only the political and social dimensions of citizenship, but also its moral, that is ethical, dimensions. Necessarily embedded in the concept of citizenship therefore are issues concerning the particular characteristics and attributes of individuals which qualify them for inclusion – that is, for membership of the citizenship community.

Whilst citizenship practice is neither driven nor limited by theories of citizenship, it is important to clarify its normative discourses, because they have a formative relationship with the ethical dimension of the political rationalities of rule and government. In this respect, citizenship practices draw eclectically upon differing traditions or discursive rationalities. These traditions are disparate and sometimes even theoretically exclusive. More often however, the disparate Western citizen traditions are complementary – for example the liberal tradition, which privileges modern rationality, also draws upon the rationality of the classical republic citizen necessary to his capacity for political rule, with the patriarchal character of each tradition being mutually reinforcing. Although the discourses of citizenship may be conceptually separate, in practice they are intertwined.

This chapter provides an overview of the concept of ‘citizenship’, with particular emphasis on its nature as belonging, and the societal conditions of that belonging. Part of its task is descriptive – to trace the traditions of both liberal and republican models of citizenship. It is also concerned, however, with the understandings and meanings attributed to citizenship, that is, the discursive constructions of citizenship in modern Western liberal democracies – what it means to ‘belong’ in a liberal democracy, who belongs, the rights and entitlements which flow from belonging, the duties and
obligations of belonging, and particularly the forms of conduct which are required for belonging. (This latter focus corresponds to the first of Isin and Turner’s three “fundamental axes ... of citizenship”, (2002: 2) that is the “rules and norms of inclusion and exclusion”.)

The discussion begins with the notion of citizenship as membership of a community – its national, political, social, and moral, that is, ethical bases. It then moves to consider citizenship as belonging. Here it concentrates upon the ontological and performative conditions of citizenship – with particular focus on traditional understandings of citizenship as incorporation into the political domain, and active citizenship as political participation. The discussion includes an extended sketch of the twentieth century political thought of Hannah Arendt. This has been included as a counterpoint to the econometric character of modern active citizenship – Jayasuriya’s “market citizenship” (2006). In this latter configuration, membership of the ethical community has become contingent upon active capitalist market place participation - understood broadly to include preparation for such participation through education and training – rather than political participation as the means to self actualization and the full expression of the subject’s humanity.

A second focus of the chapter is the relationship between citizenship and higher education. Education for citizenship is sometimes conceptualised in relatively narrow terms – essentially civics, that is the instrumental knowledge of political and administrative systems necessary for participation in elections and the like. That is not my focus. Rather, I am concerned with the relationship between education and the construction / development of ‘character’ – that is education in the subjectivities of citizenship and more particularly, the subjectivities of the good citizen. In other words, my interest is the manner in which education forms and shapes the conduct of the good citizen, and the increasingly economic and contractual character of that citizenship.
Citizenship as community

The citizen community can be understood as a series of overlapping and intersecting communities rather than as unitary, or organised around a single principle. Whilst citizenship has traditionally been considered as essentially political, the political dimension alone is insufficient for understanding the practice and lived experience of citizenship. In other words, a single focus on the political cannot address the various ways in which citizenship practices include and exclude. Fundamental to citizenship is the formal equality of all citizens. Thus the citizenship community – or the community of citizens - is at all times as much an ethical community as it is legal, political or social. Whilst acknowledging that these dimensions do not exhaust the domains of citizenship or community, in this discussion I conceptualise the citizenship community in terms of these four principal elements – the national, the political, the social and the moral/ethical.

The national community of citizenship

Citizenship is membership of the imagined community of the nation - which is normatively assumed to be, or equated with a national community of interest. The imagined community of the nation (Anderson, 1991) is centred upon unity and wholeness. Unity is taken or assumed to be grounded in certain forms of commonality – variously race, language, culture, experience, history, collective memory, political practice. The imagination of national unity may be one of natural unity, with the self-governing territorial nation formed of, and from, a pre-existing people. Such a national community is more than a mere community of fate, it is national kinship, it is a national family. Alternatively, the conception of a national community may be that of the civic nation where the core organising principle is institutional and procedural. Such a national community of interest has developed historically through the practice of shared norms of political participation and justice. Unity and commonality are grounded in secular rationality, democratic practice, and universalistic notions of justice. Yeatman (1994) refers to these alternative forms of national communities as ‘conventionally based’ or ‘customarily based’ respectively.
**Political citizenship**

Political citizenship entitles the citizen to full and equal participation in the political process – that is the collective decision making of society – especially with regard to those decisions that affect either the individual or the group with which the individual identifies. The citizen, to be a member of an autonomous self-determining, self-governing political community must herself or himself be capable of governing her or himself that is, be capable of self-government or what Foucault refers to as government of the self\(^3\) (Hindess, 1996: 105, 106). Such self-government both requires and is demonstrative of the citizen’s rationality. Thus the capacity to govern one’s self is a condition of both the citizen’s capacity, and her authority to participate in government of the polity. It has been the notion of a political community that underlay struggles over suffrage – that is, the right to be included in the political community. Historically, the development of western democracies has been characterised by the struggle to extend formal political and legal rights firstly to propertied males, thereafter to all adult males, to women and to indigenous peoples.

The language of democratic citizenship is the language of mutuality, of equality of person-hood and citizenship status, of equality and equal moral worth. In this respect the citizenship community is a community of equals. Dobson and Clarke (2001: 52), capitalisation in original) argue that

> ... citizenship in modern times has become imbued with egalitarian connotations and come to stand as the paradigmatic institutional political expression of the fundamental moral EQUALITY of persons.

Rights are ascribed to the status of citizenship, to membership of the self-determining, moral/ethical community.

**Social citizenship**

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The principal right of citizenship has traditionally been political participation. In the middle of the twentieth century, T.H. Marshall (1964) argued that social rights (such as education, health services, unemployment benefits, sickness benefits, pensions etc) are an essential development of the foundational liberal principles of legal and political rights. His was an evolutionary understanding of citizenship where citizenship is incrementally ‘universalised’ through both the democratising of citizenship status, and the development of new rights entitlements which enriched the status of the citizen.

Citizenship thus constitutes a form of social solidarity or social cohesion, that is, full and equal membership of the social community. Access to, and the distribution of resources in society – which include not only participation rights but also T. H. Marshall’s social rights – are organised and structured by citizenship. It was the status of citizenship and the rights/ benefits which flowed from that which constituted the solidarity of the Marshallian welfare state.

Both rights and obligations are deeply embedded in conceptions and practices of citizenship. The rights of citizens cannot be separated from the duties or obligations of citizenship. Liberalism is concerned with the just accommodation of rights and obligations – the more conservative liberal tradition having a minimal perspective on rights and greater emphasis on obligation, and the loyalty and obedience of the citizen to the state (Held, 2006). The more progressive liberal tradition places emphasis on the state as an enabling state, fostering the citizen’s capacities for independence and action (Held, 2006:92). However, the citizen of all strands within liberalism precedes both society and polity and is conceptualised as a bearer of rights. The status of citizenship in the liberal tradition is therefore more a recognition of the citizen as a sovereign right bearing individual than constitutive of her or his rights. These rights are grounded in traditional liberal conceptions of liberty or freedom, specifically Isaiah Berlin’s negative freedom, which requires that for the individual to be ‘free’ “no human being interferes with my activity” (quoted in Pettit, 1999:17).
The moral and ethical community of citizenship

Just as the imaginary of the nation is premised upon shared experience and history, the ethical citizenship community is premised upon a shared moral universe. In the west, the shared moral universe of ‘civilisation’, grew out of Christianity – even secularism has been grounded and shaped by “the hegemony of Christendom from which it emerges” (Connolly, 2000: 187). The moral and ethical equality of citizens was traditionally grounded in the theological premise that all are equal in the sight of God. Just as the natural rights or rights of man argued by Locke and eighteenth century thinkers to be bestowed upon man by God have become the secular human rights of for example, The Universal Declaration of Human Rights (http://www.un.org/Overview/rights.html), so too the moral equality of all citizens has become secular rather than religious. This is not to say that religious discourses of moral worth and moral equality do not continue to influence the practices of modern liberal democracies and democratic citizenship; simply that, the legitimacy of twentieth and twenty-first century citizenship does not demand the authority of God.

Citizenship as Belonging

Social solidarity together with membership of the moral and ethical community requires not only the formal legal status of citizenship but also the personal subjectivity of ‘belonging’, together with social recognition or acknowledgement by society of that belonging (see in particular Taylor (1992)4 and Fraser (2000: 113 – 116), but also Isin and Turner, (2002:2)). A series of discursive inclusions and exclusions, ontological and performative, determine belonging. Qualifications for membership necessarily exclude as they include, with the conditions of inclusion normalised and naturalised thus ‘othering’ all of those who do not comply. Whilst in practice these ontological and performative frameworks co-exist, either mutually reinforcing or in uneasy tension with
each other, for the purposes of discussion I separate them and consider firstly the ontological, and secondly the performative bases of inclusion and exclusion.

*Ontological Grounds for Inclusion and Exclusion - Rationality and Nationality*

The discursive ontologies of modern western citizenship are organised around the axes of rationality and nationality. The ‘natural’ sovereign individual of liberal thought is the first of these; the nation, or national community grounded in myths of kinship, common origins and a common destiny is the second.

In modern western political thought the foundation of citizenship is the pre-political, ‘natural’, sovereign rights bearing individual, with the political community coming into being through the consent of such individuals. Here, the political community is positioned as an independent self-determining community of rational individuals who consent, via a ‘social contract’, to constitute a polity, or community of governance. As this community of governance is an independent self-determining community of citizens, the characteristics necessary for citizenship are independence, self-sufficiency, responsibility and rationality. As the citizen is a member of a self-governing community, she must herself be capable of self-government, that is government of herself. Thus, in contrast to pre-modern or traditional notions in which divine or natural law constituted political legitimacy, the modern liberal polity is deemed to be both secular and rational, based upon the sovereignty or autonomy of individual citizens.

The Liberal tradition therefore privileges rationality - that is rationality as self government - together with its concomitants independence, autonomy, self-sufficiency and responsibility. The free rational self knowing individual is prior to the political, and the political community is derivative of the pre-existing sovereign rights of such individuals. The political community is necessary, principally, to protect the individual’s liberty coming into existence through the consent of rational right bearing individuals – the social contract.
The alternative ontological basis of community is the pre-modern ethnically constituted ‘people’ which constitutes the ‘nation’. This ‘nation’ is grounded in myths of common origins and common destiny, and mythologies of collective unity. The customary national community is more than the practical empirical reality of the bounded territory of a nation-state; rather, it is a transcendental source of, and foundation for, identity. Such a national community transcends the individual, and yet at the same time affords identity and meaning to the individual. Whilst the nation has achieved its expression in the geographic entity of the nation-state, it is the people that constitute it. Citizenship becomes more than membership of a merely political community, it is membership of a nation. And that membership both constitutes and is prior to citizenship. Here, the political self-governing self-determining community comes into being as the destiny or telos of the separate and distinct primordial national community, with the political self-determining, self-governing community being the realisation or recognition, rather than the constitution, of the nation.

Such a customarily grounded national community or state (Yeatman, 1994:92 - 100) is normatively mono-cultural, and its logical conclusion requires of its citizens either racial or ethnic ‘purity’. The logics of kinship - both vertical (intergenerational) and horizontal (fraternal) - together with the concomitant cultural continuity render the community ‘natural’, and thereby maintain the national imaginary (Anderson, 1991:1-7). Loyalty is to the separate and exclusive kinship or ethnic community rather than to participatory norms, rationality or human rights. Its 'solutions' to the differences and diversities that must either be excluded or managed in order to maintain the ancient and unique character of the community, range from cultural assimilation through exclusion to ethnic cleansing and genocide.

Just as rationality and nationality constitute grounds of inclusion, so they legitimate exclusion. Women, children and indigenous/colonized peoples are the principal groups
who have been excluded from full and equal citizenship on the basis of rationality – or rather, on the grounds of their lack of rationality⁷. Those who are not of the dominant ethnic or cultural group – that is those who cannot be included within myths of kinship – are those who experience exclusion on the basis of nationality, suffering policies such as expulsion, ethnic cleansing and genocide.

In the latter decades of the twentieth century, feminism, the politics of difference, the politics of reconciliation and other expressions of ‘identity politics’, have engaged with the ontological foundations of modern western thought and citizenship, including the unitary character of reason, liberal individualism and assumptions of cultural and sexual homogeneity. Responses in the form of anti-discrimination legislation, policies of equal opportunity, ethnic pluralism and multiculturalism, and indigenous reconciliation have moved most western democracies towards a more inclusive citizenship – acknowledging the formal equality of most, if not all, adult members of the community of fate, in terms of both the legal status of citizens and the formal participation rights associated with that status. In other words, rather than ontological communities of shared origins or practice, it is the community of fate - that is the community of those who must live together - which is increasingly being constituted as the national community. And that community of fate is a civic nation in which the inter and intra generational bonds are those of shared democratic practice rather than kinship, ethnicity, culture or history.

Performative Grounds for Inclusion and Exclusion – Active Citizenship

The second discursive order of inclusion and exclusion is performative, that is to say the active contribution which the citizen makes to the peace, order, welfare, prosperity and good government of the community. Such performative qualifications for citizenship draw upon republican traditions of active citizenship, that is, participation as constitutive of citizenship. Individuality in the republican tradition does not precede the
political; rather, the free individual comes to a realisation and actualisation of self, and is constituted as an individual through the political domain of citizenship.

In this tradition then, through active political participation, indeed only through the practices of political citizenship, does the individual become fully human. Aristotle saw the telos of human existence as idomaenea which is usually translated as ‘happiness’ – but should be understood more as fulfilment, self-realisation, self-actualisation. To be fully human, to realise oneself fully as a human being one must be an active citizen in the public political domain. To put it another way, the telos of the human being is citizenship, that is active political participation and hence membership of the moral and ethical community.

In brief, inclusion in the self-governing, self-determining, national community is grounded not in a pre-political ontological status, but in the performance of those duties of citizenship (membership) which the citizen is privileged to bear. Whereas the liberal tradition, emphasises the (natural) rights of citizenship, the active citizenship tradition emphasises particular forms of conduct and the principal privilege /obligation of the citizens is active political participation. The privileges or rights of citizenship necessarily flow from this participation.

The Active Citizen
The active citizen of the republican tradition contributes firstly to the political life of the community and secondly to the defence of the state. In classical Greek thought a political life was secondary only to the contemplative life of philosophy and was superior both to the life of private and personal matters and interests, and to economic life. Whilst philosophy, politics, or even the pursuit of private pleasures could make a life ‘beautiful’, economic participation constituted only a life of use and necessity (Arendt, 1958: 13). With the telos of human life political participation, civic virtue equated the moral and the good life, as well as human happiness and fulfilment. Life
was politics and politics was life. However, whilst political participation was the means by which the citizen could achieve an ‘authentic’ and beautiful life, indeed the full realization of his humanity, such were not its objectives. Rather, the end of political participation was the common good, and particularly the collective freedom - that is freedom from domination - of the polity. The citizen was a disinterested individual whose concern was not his own desires or benefit; rather, the common weal. Moreover, participation in government, of and for the welfare of the state, was the "noblest virtue" (Cicero quoted by Heater, 1999:46).

In the eighteenth century, French republicanism envisaged the direct engagement between citizens in their mutual self government as creating bonds of ‘fraternal concord’ and reciprocity, together with the fulfilment of the citizen’s humanity, morality and rationality. The reciprocity of French republicanism also included the participation of citizens in working life, with the responsibility of the Republic being to ensure either the citizen’s right to work or the citizen’s subsistence. Rather than an end in itself, the reciprocity surrounding working life was an essential means to social solidarity. Thus ‘fraternal concord’ was both political and social (Silver, 1994: 538).

*The Active Citizenship of Hannah Arendt*

Hannah Arendt - the most influential twentieth century theorist of participatory politics - represents the continuation of a developmental or emancipatory republican tradition into the twentieth century. Her conception of politics was of active and public political participation as the sphere of human agency, and human fulfillment and enrichment, that is to say, politics is her "action-ideal" (Gottsegen, 1994:10). Her action-ideal of politics can perhaps be recast as the ‘politics-ideal’ of agency in, of and for human life.

In response to the totalitarianism of Nazism and Stalinism, she was concerned to reclaim a politics of active engagement as the domain of freedom and equality, community, human agency, and human dignity and individuality. Her project was to restore politics
as the central and primary locus of human interaction and freedom. In addition, she had a particular vision of the politics necessary to the freedom and dignity of human beings – a politics of active participation. Such a politics would ensure that the world which human beings share would never again be blighted by totalitarianism. Politics constituted and was itself constituted by a discursive public space, in which individuals – citizens – acted and spoke together as equals “concerning things that are of equal concern to each” (Arendt, quoted in Kohn 2001a: 1) and thereby created a shared world or community. Such political engagement not only realised the fullness of a citizen’s immanent humanity and unique character, but also its recognition. In Kohn’s words, her ideal was “a world that lies between human beings, keeping them distinct and relating them, a shared world in which they can appear and be recognized as unique beings. [For Arendt] recognition of human uniqueness is the same thing as equality in freedom which …is the raison d’être of political life.” (Kohn 2001a: 3).

Central to ‘the human condition’ and hence politics, is plurality and the richness of that plurality. Human beings are unique and distinct individuals, who are inescapably and incommensurably different. “[It is ] the fact that men, not Man live in the earth and inhabit the world [and] this plurality is specifically the condition … of all political life” (Arendt, 1958: 7 & 8). Engaging with, rather than resolving that plurality (or difference, or diversity) is the essential characteristic of political life. In Arendt’s words “To live together in the world means essentially that a world of things is between those who have it in common, as a table is located between those who sit around it; the world, like every in-between, relates and separates men at the same time.” (Arendt, 1958: 52). She rejected any forms of determinism – be that the normalisation of society, historical or ideological determinism, and ultimately totalitarianism; rather, events and history are the result of human agency and the politics thereby created.

Politics is also the foundation of the actuality of an individual’s rights – Arendt’s own experience as a stateless person in the 1930s made her acutely aware that one’s humanity
alone is no protection against injustice, domination and terror, and that “universal human rights are a chimera for those who lack the power to defend them” (Kohn, 2001b: 8). Thus human rights – particularly the right to have rights, which constitutes the recognition of the humanness of individuals and hence the basis of human solidarity – need to be “politically secured” (Kohn, 2001b: 8). It is only through politics that the rights of human beings and more importantly, their right to have rights are secured – and hence their dignity, their individuality and the rich plurality of human kind. Thus citizenship rights in a democracy worthy of its name, worthy of its claim, are human rights “politically secured”.

In contrast to the politics of liberalism (that is, government to protect the private rights of individuals), for Arendt, politics was “a public space that was brought into being not for utility but for the sake of human freedom.” (Kohn 2001a: 1). Politics is thus an end in itself and constitutes the principal domain not only of human freedom, individuality and agency, but also identity, authenticity, and the ‘happiness’ of both Aristotle and the American Founding Fathers – that is, self-fulfillment, self-realization, self-actualization. Importantly it is “public happiness” (Arendt’s term quoted in Gottsegen, 1994: ix) rather than the happiness of either the private world of the home, or of civil society.

Arendt’s focus is not merely the rights of citizens, rather it is the rights of the diversity of human kind to have rights. Her position is that it is neither rationality, nor ethnicity or race or culture, nor obligation, nor the performance of the privileges/responsibilities of citizenship that constitute membership of firstly, the moral and ethical community of humanity, and secondly the citizenship community. Rather for Arendt, the foundation of the right to have rights and the right to expect the state to assure those civic or citizenship rights is human-ness alone.

In such manner, then, Arendt’s thought represents a highly evolved conceptualization of the developmental or emancipatory strand of the republican tradition, and of the
political as the domain of and for, human freedom and human flourishing. In stark contrast, the neo-liberal world of the late twentieth century and early twenty-first century displaces the centrality of the political. With the priorities of the state economic, policy is directed towards competitiveness in the increasingly open and integrated environment of international capitalism. Higher education policies – as we have seen - are oriented towards entrepreneurial agency on the part of students, staff and institutions, and thereby towards developing politico-ethical norms of economic activity and engagement - norms which constitute the practice and meaning of active citizenship under neo-liberalism.

The Active Economic Citizen of Neo-Liberalism

Rather than the right, privilege and obligation of the active citizen being political engagement, the right, privilege and obligation of the neo-liberal citizen – the citizen worker - is participation in the market economy and the defence of the national economy through contributing to its international competitiveness. Whether it is the responsibility of the individual citizen to ensure she is job ready and appropriately skilled, or the state supporting the citizen to develop their skills through capacity building programs in order that they may participate and contribute, the citizen worker’s incorporation/integration into the capitalist market is essential. This inclusion is not merely instrumental but is also essential to societal recognition of their inclusion in the ethical community of citizenship, that is, recognition of their belonging.

Economic participation has become a condition for membership of the social and moral community that constitutes citizenship - that is to say, the terms of acceptance, of being ‘one of us’ and of recognition of being ‘one of us’ of being worthy and deserving of inclusion have become performative. To count, the citizen must now be active in the economic domain.
Citizenship, Neo-Liberalism and Higher Education

The links between citizenship and education are of long standing. As an institution, education is concerned with constituting and constructing particular forms of political and social subjects, and particularly since the advent of mass education, particular constructions of the political and social citizen. Education in civics – the understanding of the particularities of the political system of the citizen’s nation state essential to political participation – is clearly significant. However more broadly than this, education has long been a principal tool for developing in the child - the potential citizen in whom the rationality of the sovereign individual is as yet not fully developed - the rationality essential to membership of the political community (see also Marginson, 1997).

Across all domains – including but not exclusively the political, the social and the economic - education is concerned to inculcate in the ‘proto-citizen’ those forms of rationality (or subjectivity) which shape the orientations of the individual to their relationship with the state and with society. It is particularly concerned with those forms of subjectivity that enable the individual to govern herself in terms of what makes a good citizen. These subjectivities are discursively contingent - by that I mean that the ‘character’ of the good citizen, their orientations and the subjectivities thus privileged are those of the dominant discourse. Inevitably, education contributes to the governing of a population according to the precepts of the dominant discourses.

The university – higher education – has a distinct and profound role in the formation of the citizen, developing not only her rationality but also her affective orientations and ethical codes. Whilst different countries and cultures have privileged different ideals of a university, at the core of the modern university are a number of societal roles. These remain remarkably consistent even though the forms and objectives of the
teaching and learning in universities will vary in ways that are particular to the history, traditions, structure and culture of that country and society. Broadly they include:

- Enculturation in national culture and values
- Identity
- Rationality
- Professional training

Delanty (2001) argues that in the eighteenth and early nineteenth century – the period of the neo-humanist Humboldtian university - and particularly in Germany, the university had two principal and allied tasks. These were the transmission of knowledge and national culture, and the formation of personality (or Bildung) (Delanty, 2001: 61). In German Bildung means an education focused on high culture, and the concern of Bildung was to create a particular form or personality, a particular form of subject – one who was cultured not only in terms of high culture but also national culture. In this manner, the university was essential to the imaginary of the nation. Kant, and in the twentieth century Habermas both believed that education in rationality and reason was fundamental to the university (Delanty, 2001: 32 and 68 & 69) - and for Habermas, particularly communicative rationality. In other words, the form of personality, the form of subject that ideally the university should cultivate was the autonomous rational subject.

I suggested earlier that whilst participation is central to citizenship, so too are identity and subjectivity – as a political subject, as a national subject, as an economic subject, as a cultural subject.

The university is a central institution for the development of each of these dimensions of citizenship. However, the relationship between them and citizenship is dynamic rather than static, with Bildung – understood broadly as the creation of identity, character,
personality and subjectivity – remaining central to the role of the university in the twin projects of modernity and citizenship:

... the basic Humboldtian idea, the formation of personality and the transmission of culture as a received body of values, remained a bulwark of the modern university and contributed to the formation of modern citizenship as participation in a national community. […] in the university the personality of the ‘whole person’ can take shape. This is the true meaning of ‘Bildung’ ….

(Delanty, 2001: 46 & 47, emphasis added)

In the project of social citizenship of the mid twentieth century (the period Delanty refers to as organised modernity) – that is inclusion in the social community – universities / higher education played a highly significant role, through the widening of access to higher education and professional training. And in the 1960s and 1970s they were an important element in a developing political and particularly democratic citizenship (Delanty, 2001: 59 - 73). This pattern, I am suggesting, has continued to the present, with universities not only subject to a neoliberal agenda, but also helping to create that consciousness in its staff and students through normalizing and naturalising practices and forms of conduct which in turn reify the market rationalities of neoliberalism. Thus for students, education is experienced as market oriented economic practice. Their lived reality is of learning as a commodity. As ‘customers’ of the university they pay increasingly substantial fees, so that their relationship with the institution becomes contractual and individualised, whilst their education is itself constituted principally as a means to economic ends. Immersed in discourses of human capital, they ‘invest’ - prudentially - in their futures by developing their human capital for future employment in the knowledge economy. At the same time, financial support for student tends to be minimal, so that students are employed in the private sector in casual, and often menial employment – study is therefore part time, and is principally oriented toward more secure and rewarding employment.

As described in more detail in Chapters Three, Four and Five, staff are obliged to demonstrate and conform to competitive and entrepreneurial practice – be that in terms
of competing for research funding, or ‘growing’ new revenue streams. The criteria for successful, productive research are indistinguishable from innovation in the interests of competitive advantage in the knowledge economy. Finally, higher education institutions themselves are organised as businesses, and their econometric discourses both marginalize alternative understandings of the role and practices of higher education – the university – and render them *perverse* and deviant.

The ‘traditional’ role of university education (including its immediate post World War II incarnations in both Australia and the UK) was the training of political and economic elites. At the end of the twentieth century, with the advent of mass higher education, the training portfolio expanded substantially. At the same time, as we have seen, the ‘mission’ of higher education became the production of the skilled intellectual workers able to enhance Australia’s competitiveness in the ‘knowledge economy’ under conditions of neo-liberal globalisation. This reflected the shift in the role of the state from having both economic and social dimensions to being almost solely concerned with the economic. In the middle of the twentieth century university graduates – that is the political and economic elites - operated in mixed economies where the state had a significant role in ameliorating the negative social impacts of market capitalism. The role of the state was to ‘social-ise’ the economy – that is, to use Marshall’s term, to render it *civilised*. And the university formed citizens as both economic and social subjects who, ideally, would civilise capitalism. In the late twentieth and early twenty-first centuries, with the state privileging the economic, and its role to facilitate capitalism rather than ameliorate its negative social aspects, university and higher education practice has been directed towards developing entrepreneurial subjects – citizens - in the interests of competitive advantage in the knowledge economy. Specifically, there has been a shift from a more social subject to a more individualistic and competitive economic subject. In other words, the particular manner in which higher education contributes to national prosperity has been reconfigured, according to the economically rational precepts of neo-liberalism.
At the turn of the twentieth/twenty-first century, a particular dual nexus between citizenship and education - and particularly higher education - has been established. In instrumental terms, higher education provides the individual with the knowledge, the expertise, the credentials, the capacity to become an active participant in the economic domain – in other words, higher education is a source of human capital. However, to achieve international economic competitiveness, not only are human capital and innovation required of higher education, but also a new kind of citizen, one with a competitive entrepreneurial spirit. So higher education provides the citizen not only with human capital but also an entrepreneurial and individualistic economic subjectivity.
ENDNOTES

1 The use of ‘his’ is intentional – liberal citizenship has been highly patriarchal (See Note 7 below)).

2 It is worth noting that the Greek root of the words “ethics” and “ethical” means ‘character’ and the current meanings of ethics include “the rules of conduct recognized in … departments of human life”. (SOED 2007)

3 I discuss Foucault’s work on the government of the self and its relationship to citizenship and the neo-liberal reconfiguration of active citizenship from the political to the economic in Chapter Eight.

4 “… our identity is shaped by recognition or its absence, often by misrecognition of others, and so a person or a group of people can suffer real damage, real distortion, if the people or society around them mirror back to them a confining or demeaning or contemptible picture of themselves. Non-recognition or misrecognition can inflict harm, can be a form of oppression, imprisoning someone in a false, distorted, and reduced mode of being.” Taylor (1992: 1)

Whilst in this instance, Taylor is talking about issues of multiculturalism, the importance of non-recognition or misrecognition inflicting harm, constituting a form of oppression, imprisoning individuals in a false, distorted, and reduced mode of being, has broad relevance.

5 Formal or legal citizenship status may be acquired in either of two ways. An individual may ‘belong’ because of consanguinity (**ius sanguinis**) or through place of birth (**ius solis**). According to the consanguinity model, she or he is ethnically a member of the national family, an element of the ethnically constituted ‘people’ which constitutes the ‘nation’. The alternative basis for the formal status of citizenship is that membership of the community is principally through place of birth, although it is also possible through choice and commitment to become a citizen, to come to ‘belong’. There are criteria for naturalisation or becoming ‘one of us’, the principal commitment required in most liberal democratic states being adoption of, or at least familiarity with, the language of the new society. (Davidson, 1996: 35 & 56)

6 Illustrative of the interconnections between the ontological and performative conditions of citizenship, is that the rationality of the citizen that is central to liberalism, is also characteristic of the citizen of classical republicanism.

7 In patriarchal Western political thought women, by their nature, are claimed to be ruled by passion and instinct – ‘unreason’ rather than reason – and so are deemed to lack the capacity of and for self-government’. The individual who is incapable of government of their self is necessarily incapable of participating in government. Thus women have been excluded from membership of the political community. Moreover, the uncontrollably natural bodies of women enervate men’s reason so that in the interests of the community women must be excluded from the public life and the political (see for example, Lange, 1991). Finally, citizenship has been conceptualized in terms of contributing to the nation and society through the public rather than the private world - fundamentally the right to participate in the public sphere and particularly the political domain. The nature of women was deemed appropriate to the private, domestic sphere of the home and the greatest contribution that women could make to the nation was the reproduction of its citizenry. Thus rather than participate directly in the government of the polity, their role was to nurture the nation’s future citizens. Similarly children lack the capacity of and for self-government, because they are as yet young and immature, and hence uniformed. Their rationality is insufficiently developed for them to demonstrate the capacity for self-government and hence participation as citizens. However, children – especially male children - are ‘proto-citizens’ who through education, training and discipline may come to self-government and citizenship. Indigenous people /colonized people are ‘primitive’ persons who exist in a state of nature and are therefore comparable to children. They similarly lack the capacity of and for self-government. In addition, because they are not ‘civilized’ – that is, they do not demonstrate western reason – they are not capable of self-government.

8 The use of the masculine pronoun is intentional - citizenship in the classical world was restricted to men. Not all men were citizens – in Athens, slaves, foreigners, and those not of Athenian descent were also excluded.

9 A second but enduring tradition has been the defence of the polity/citizen community. The valorisation of the warrior citizen has endured since the ancient Greek and Roman republics, through the republicanism of the late medieval and renaissance Italian city states, the citizens’ militia of the 18thC United States9 into the 20th and 21st centuries9. The ‘nature’ of women being ‘unsuited’ to warfare, the privilege of defence of the national community
has been denied to women. This enduring mythology of the warrior citizen - that the greatest contribution a citizen can make to his country is to fight and die for the nation - has been an additional barrier to women’s inclusion in the political domain.

In the 19th century women campaigning for the suffrage claimed an alternative grounding of and for citizenship - maternal citizenship (Lake, 1997). Rather than challenging the separation of the public and private (domestic) domains, it was argued that a woman’s contribution to the nation - as a citizen - was not to fight and die, but to bear and nurture children. Just as men might die for the nation in battle, so women died for the nation in childbirth. In addition, through women’s rearing of future generations of citizens, the woman’s domain of the home was as much a site of citizenship as the public domain(s) of politics and war.

10 The patriarchal character of the classical republican tradition is embedded in the notion of virtue (the Latin virtus, is derived from vir, the Latin for man). Civic virtue included not only moral uprightness, agency which privileged the common good, but also manliness and construction of masculinity (Heater, 1999: 60). A virtuous citizen was necessarily therefore a man - a virtuous citizen who was a woman was nonsensical, an impossibility.

11 Gottsegen (1994: 15) chooses to retain Arendt’s own pervasive usage of the male pronoun - “... to translate Arendt’s diction into gender neutral poses runs the risk of obscuring what some regard as the questionable assumptions that underlie her project. It seems to me, then, that the best solution is to follow Arendt’s own usage both for the sake of scholarly integrity and in order that readers may come to their own opinions as to the implications of Arendt’s diction”

12 James Arthur and the contributors to his edited collection (Arthur, 2005) are concerned with the role of higher education in the development of, and explicit teaching for “character”, ethics, “principles of citizenship and civic responsibility” (Arthur, 2005: 1). Whilst their focus is upon the role of higher education in the shaping of a very particular form and set of practices of citizenship, implicit in the contributions – indeed an assumption of the contributions – is that higher education is a central site of citizenship formation. Similarly, the underlying premise of the research and discussion presented in Educating for Democracy (Colby et al., 2007) is that higher education institutions are central to the construction of citizenship.

13 My focus is the modern university rather than its mediaeval precursor, and more particularly the university since the 19th century.
CHAPTER 7: ACTIVE ECONOMIC PARTICIPATION FOR SOCIAL COHESION AND CITIZENSHIP

Introduction

Economic competitiveness is a ‘wicked problem’ (APSC, 2007) – that is to say it is complex, multi-dimensional, and hence beyond the responsibility of a single government agency or portfolio. Wicked problems are whole-of-government issues and importantly “involve changing behaviour” (APSC, 2007: 4 – emphasis added). Whilst education, training and skills development are essential, the task of maximising the nation’s competitiveness potential is a whole-of-government priority. Policies must be coordinated and complementary.

Co-ordination between education and training policies, welfare and social assistance policies, and labour market policies are necessary to facilitate and build the capacity of the active economic citizen. Such coordinated suites of policies oriented towards ensuring that to the greatest extent possible, individual citizens become active agents in the economic domain are most explicitly articulated by the Organisation for Economic Co-operation and Development (OECD). These OECD policies are thus the focus of this chapter. The discussion shows how policies of active economic participation, whilst incorporating higher education as a significant player, also extended beyond it, constituting a whole-of-government policy paradigm directed towards the particular forms of behaviour – or conduct - appropriate to the active economic participation on the part of citizens. These policies not only illuminate the context in which higher education is embedded, but, meshing tightly with higher education, also contribute – actively - to the far reaching changes in citizenship outlined in the previous chapter.

In this context, my concern is the OECD’s active labour market policies, social assistance and education and training policies. This chapter outlines both the risk environment and moral hazard of social exclusion identified by the OECD and others, and the strategies for their abolition that are advocated by the OECD. Again,
these OECD recommendations privilege economic rather than political participation as the condition of active citizenship in a neo-liberal world. Crucially, this emphasis on economic participation is central to the OECD policy discourses of social exclusion and particularly social cohesion – that is, the social solidarity central to inclusion in the community. After reviewing these policies, the chapter turns to the consideration of Lifelong Learning as a form of prudentialism directed towards promoting citizen participation in the globalised knowledge economies of the twenty-first century. In this manner, lifelong learning provides security against social exclusion for the individual as well as ‘fissures’ in social cohesion for the community.

The OECD has no capacity to require its member countries to adopt its policy recommendations. Rather, its work provides member governments with coherent and convincing policy responses to their particular dilemmas. Its research and policy concepts are drawn upon either when they make sense of, or provide practical solutions to, problems being faced by governments. With its policies framed within a neo-liberal paradigm (Rizvi and Lingard 2006: 247 – 260), the OECD can be seen as a significant ‘vector’ of neo-liberal policy solutions. Broadly, its policies and recommendations tend to be more consistent with Gamble’s social market form of neo-liberalism rather than the more laissez faire orientation associated with, for example the Thatcher Governments of 1979 – 1997 in the UK (Faulks, 1998). Nevertheless, the adoption of OECD policy concepts, and the extent and the manner of their implementation, are dependent upon the intersections between the particular character of the problem faced, the underlying cultural and ideological orientation, practices and experiences of the country concerned and the political party in government (see also Rose, 1999: 24-28). Notwithstanding the unique circumstances and details of the policies of individual OECD countries, there has, however, emerged an orthodoxy\(^1\) with respect to policy: of active labour market participation rather than passive income support; of polices oriented towards activity and participation; and of individual rather than collective responsibility for the individual’s economic, social and moral welfare. These take the form of a suite of complementary labour market, social assistance, and education and training policies\(^2\)
oriented towards ensuring that individual citizens become active agents in the economic domain and hence avoid the risks of welfare dependency and social exclusion. Exclusion, and the risk it poses to social cohesion has become, over the last quarter century, a principal concern of OECD recommendations in the policy domains of unemployment and labour market policies, social assistance or social welfare, and education and training. [See Note 2 for an extended list of documents drawn upon in the following discussion.]

'Risk'

Since the 1980s, OECD documents and reports concerning unemployment and labour market policies, social assistance or social welfare policy, and education and training have been dominated by languages of risk. Beck describes the world of late twentieth century industrialism as "risk society". It is his claim that risk and uncertainty, rather than control and mastery characterise late twentieth century and twenty-first century capitalism. Similarly Giddens identifies risk as characteristic of our present - what he calls high or late modernity (Beck, 1992, 1994, 1995, 1999; Giddens, 1990, 1991, 1994; Beck, Giddens and Lash, 1994). Neither Beck nor Giddens claim that risk or danger is unique to modernity, nor the late twentieth century. Dangers have always existed; however, these were principally external, natural or physical - the risk of flood or famine, war or lightning strike. For these, Giddens prefers to use the term fortuna (fortune or fate) (Giddens, 1990: 31). Risk he uses to refer to the "result of human intervention into the conditions of social life and into nature" (Giddens, 1994: 4 – emphasis in original). The focus has shifted from external risk to ‘manufactured’ risk - that is, to risks that result from the emergence of a modernist or post-traditional society (Giddens, 1994: 136 and 137; Wetherly 2001: 152-153). The risk environment is less the non-human natural world, than it is the social and economic dimensions of modernity.

Examples of modern risk or risk environments are ecological (including global warming and ozone depletion), economic (particularly the uncertainty attendant on economic globalisation), and also political. These latter include terrorism, the renewed intensity of nationalism, and a sense of impotence with respect to the
influence and meaning of democracy and nation states in an economically globalised world. Giddens identifies capitalism as a fundamental risk environment of modernity.

The consequential and complementary risks of economic globalisation provide both rationale and legitimation for OECD policies of activity and participation. The principal risk environment of (neo-liberal) globalisation has at least three dimensions:

- footloose capital;
- the reduced capacity of governments to buffer individuals from the employment consequences of footloose capital; and
- the changing character of the economy, of work and employment – the ‘speed of change’, the role of information technology, the probability of the necessity of multiple episodes of re-training or re-skilling during an individual’s working life, and the casualisation of employment.

The OECD posits that the world economy under globalisation is neither stable nor predictable; rather there is “a dynamic [world] economy that thrives on a high degree of flexibility” and “the productive turmoil of relentlessly competitive markets” (Societal Cohesion, OECD, 1997a: 3 & 7). The only constant is constant change. Complementary to these ‘changing economic circumstances’ is demographic change and the resultant additional ‘burden’ upon government budgets - aging populations are predicted to result in a declining ratio of ‘productive’ to ‘unproductive’ or dependent citizens (that is, the ration of employed citizens to those in receipt of pensions). The economic ‘burden’ of the ‘unproductive’ elderly upon ‘productive’ workers has implications not only for today’s elderly but for all.

Such risk environments translate into personal individual risks - principally unemployment. This can result in long term or permanent disconnection from the labour market, which in turn can lead to a rupture in income maintenance, a rupture in economic security - in other words, economic dislocation and economic insecurity. The second potential risk for individuals arising from this disconnection from the
labour market is benefit dependency, particularly inter-generational benefit dependency. This risk is not merely economic, it is equally a “moral hazard” (Societal Cohesion OECD, 1997a: 23 & 24). Redistributive policies, such as income support - referred to repeatedly as ‘passive social assistance measures’ (my emphasis) – are measures which do not require of citizens any activity or participation as a condition of receiving benefits. Such ‘passive’ social assistance is considered to develop a culture of dependency which is destructive, not only of the citizen’s capacity for work, but also of her self esteem and her capacity for participation in the wider life of the community. Passive measures dull the citizen’s incentive to work, undermine her autonomy and ‘breed’ dependency. OECD documents (labour market, and social assistance policy documents in particular – for example, Battle, (OECD, 1998a: 126 & 127)) display again and again, concern not only over the risks of benefit dependency itself, but also the socially pathological consequences of such dependency – crime, drug abuse, the vicious cycle of intergenerational dependency. A neo-Orwellian dualism of ACTIVE – GOOD X PASSIVE – BAD, or alternatively PARTICIPATION – GOOD X DEPENDENCY – BAD is established. This is a theme not restricted to the OECD – for example, for many in the United States, the term ‘welfare’ became effectively a pejorative term (see also Jeannotte, 2000: 69). Welfare dependency as a social pathology is particularly associated with Lawrence Mead (Mead, 2000: 44 – 61; and also Saunders, 2000: 23&24; Harris 2002: 384). Together, separation from the labour market and the attendant danger of dependency put the citizen at risk of ‘social exclusion’, that is, of becoming a member of the new underclass – disconnected from the economy, disconnected from the community at large.

The “socially excluded”, the “outsiders”, the “underclass”, “benefit dependency”, the “new poor”: under a variety of labels, there is concern in many OECD countries that there is a section of the community that faces extraordinary barriers to full participation in the labour market and society. The results are well known: benefit dependence leads, sooner or later, to financial deprivation. Access to public services may be denied because of lack of address or employment record. Households are no longer in control of their own destiny. Health status may be damaged by poor diet and living conditions. Upon reaching retirement, lack of contributions to employment-based public pension schemes leads to continued reliance on minimum benefits. [Thus] disadvantage is transmitted across generations.

(Caring, OECD 1999:100)
Whilst social exclusion threatens the individual, the community is similarly at risk - its ‘social cohesion’ is threatened. Thus individual risk translates into community or societal risk. In summary, in OECD policy discourse there is a suite of risks which apply differentially to individuals, to the community or society, or to both. Social exclusion and welfare or benefit dependency threaten both the individual and the community, whilst the breakdown in solidarity which results from social exclusion threatens social cohesion5.

**Responses to Risk**

Under these conditions of risk, both individuals and governments are required to act reflexively. For the individual, this prudential or reflexive action involves active participation - particularly in the labour market – to circumvent, or at least ameliorate the risks and uncertainties of the neo-liberalism of late modernity. As we have seen, such activity requires that the individual maximises her capacity to participate in the mainstream economy, principally the labour market, through investing in her own human capital. It is through training, (including traditional vocational education) forms of skills development, work experience but most importantly, through education and higher education that she can provide for her own future economic prosperity and security most effectively.

The role of the state is not to protect individuals - rather it is to enable them to protect themselves through responsible and prudential behaviours, thus ensuring the minimisation of risk for both the individual and society. Mitchell (2000: 6-8; and also Mitchell 2001) describes the primary role of government as the “management of social risk” establishing the “risk-and-responsibility nexus” – that is, establishing which risks are borne by the individual and which by the community (that is by the state). This requires that government

- ... allocate different risks between individuals, markets and the state;
- ... make the social investment decisions that lead to prevention or mitigation of social risk; and
- ... maintain a balanced portfolio of these different strategies that present a coherent response to globalisation and promotes social cohesion.

(Mitchell, 2000: 7)
The principal role of the neo-liberal state then, is to facilitate the responsible individual’s own investment in her human capital through a policy framework of incentives and disincentives (which may be rhetorical or discursive, or financial). According to Giddens (quoted in Wetherly, 2001: 163) “…the idea of the welfare state should be supplanted by a ‘social investment state’, the guideline for which is ‘investment in human capital wherever possible rather than direct provision of income maintenance’. Giddens envisages the “…rise of social reflexivity which shows itself in ‘a world of clever people’ who make their own lives in a more active way” (Wetherly, 2001: 152). Through the change in policy focus from social expenditure to social investment, such a state provides its citizens with ‘positive welfare’. OECD documents argue that member states should balance active and passive measures. Such balanced policies will promote independence and the responsibility of individual citizens for managing their own risk, principally through paid employment:

The most effective way in which a family requiring assistance can regain its autonomy is through earning enough to support itself.

*(Caring, OECD, 1999: 101)*

**Participation and the OECD’s Triangular Policy Paradigm**

In response to the identified risk environment(s) of globalisation, demographic change and budgetary constraint, OECD recommendations are framed within a triangular policy paradigm organised around ‘three crucial elements of progress’ – economic growth, social stability and good governance *(Caring, OECD, 1999:3).*

In the future, the continued economic development of our increasingly knowledge-based economies will be closely tied to our capacity to keep this paradigm in balance, with human capital being one of the driving forces of economic growth, [together with] effective social and health policies [to] promote a healthy well-educated population, which has the confidence to embrace, rather than resist change. Effective social policies promote not just the sound social development of our countries, but underpin economic development as well.

*(Caring, OECD, 1999:3)*
To this end it has developed an integrated framework oriented towards promoting economic participation. Labour market programs, social assistance policies, and education and training policies must each in complementary fashion promote independence and autonomy, integration (or re-integration) into the labour market, and counter social exclusion (for example, New Orientations, OECD, 1994a: 52; Battle, OECD, 1998a: 41, 127–129; Caring, OECD, 1999: 3, 83 & 84; Jobs Study OECD, 1994b; 1995; Lifelong Learning, OECD, 1996b: 15, 18, 87, 90–92; Motivating, OECD, 2000). This ‘new vision of social policy’ (Caring, OECD, 1999) has as its objective social cohesion, the necessary condition of and for economic growth and social stability.

There is a corresponding triangurally integrated OECD policy paradigm of Active Labour Market Policies (ALMPs), active social assistance policies, and Lifelong Learning’. These are effected through suites of participatory policies – or ‘activation strategies’ (Battle, OECD, 1998a: 75) - directed variously at ‘insertion’ or ‘reinsertion’ of the individual into the labour market, or investment in human capital for employment purposes (education and training).

Active Labour Market Policies (Jobs Study, OECD 1994b; 1995) target the unemployed, and are complemented by social assistance policies which are designed to avoid ‘passivity’ and culture(s) of dependence. Similarly social policies organised around ‘active ageing’ and ‘whole of life’, ‘life trajectory’ or ‘life course’ approaches include measures to encourage older workers to participate in the labour market beyond ‘traditional’ retirement age, policies to improve both health and social integration and hence to minimise dependency in old age (for example, Caring, OECD, 1999: 3). Education and training policies focus not only upon young people who are in transition to the labour market, but also those amongst the unemployed who have inadequate, insufficient or inappropriate skills for re-insertion into paid employment, or those already participating in the labour market who wish to become more successful in paid employment.
Perhaps even more importantly, education and training policies have as a significant objective, developing – particularly in the young – an expectation of, and positive orientation to lifelong learning understood as re-training or re-skilling throughout one’s working life.

Activation strategies may be direct or indirect. In direct or coercive strategies, the subject is governed directly to ensure active participation – examples include punitive sanctions such as withdrawal of benefits, and ‘workfare’ regimes (see also Jayasuriya, 2006: 58 - 60). Indirect activation strategies – such as Learning for Life or Lifelong Learning - operate through the agency of the subject or citizen herself, that is, through activating the subjectivity of the individual citizen and promoting particular constructions of the self as independent, autonomous, responsible, and self directed.

Activation strategies involve a series of linked participation-incentives and dependency-disincentives, with the balance between incentive (reward) and disincentive (sanction) - that is, the position on the incentive-disincentive spectrum - depending on the policy domain and hence the particular subjects of policy - for example, unemployment (the unemployed); the demographics of aging populations (older or senior citizens); skills development, education and training (young people, the unskilled).

Parties and polities with social democratic traditions tend to privilege incentives and enabling capacity, whereas parties and polities with socially conservative traditions, that is, with traditions that privilege obligations and duties tend to emphasise disincentives. Thus in Australia, the Howard coalition government’s policies of ‘mutual obligation’ – particularly in its welfare to work and unemployment policies such as the ‘Work for the Dole’ scheme – emphasised the obligations of citizens to the state or community rather than the community or state’s enabling role. In contrast, Labor’s Knowledge Nation of 2001 and the policies of the Rudd Labor government elected in 2007 emphasised capacity building, and policies of social investment, with
particular emphasis on policies of education, skills development and lifelong learning.

The OECD policy paradigm of activity and economic participation as the means to prosperity and social cohesion was in evidence in the Third Way agenda of Britain’s New Labour under Tony Blair (see Levitas, 1996; 1998; 2005). Whilst Levitas’ work is focused upon social policy her analysis illuminates the manner in which education, training and skills development are crucial prudential risk management strategies both for individuals at risk of social exclusion and societies concerned with social cohesion. She identifies three policy discourses relating to social cohesion and participation in British welfare policy - a redistribution discourse in which the primary concern is poverty (RED); a moral discourse centred on the moral and behavioural delinquency of the excluded themselves (MUD); and a social integrationist discourse which centres on paid work (SID). The RED and the MUD differ in their conceptualisation of how the new underclass (variously also ‘the socially excluded’, ‘the new poor’) is characterised – in RED the concern is economic deprivation and poverty, whilst in MUD their exclusion reflects the cultural depravity and ‘moral turpitude’ of the poor themselves (Levitas 1996:6; 2005:14-21). In SID the term underclass is used more as a descriptor of those either at risk of disconnection, or disconnected from the labour market. The solution to their problems is therefore not one of moral redemption but insertion or re-insertion into the labour market and hence society. This is the integrative capacity of paid work (Levitas, 1996: 8, 9, 11). In SID economic participation and integration achieves the ‘virtuous circle of social inclusion’ rather than the ‘vicious circle of exclusion and division’ occasioned by unemployment. Thus

RED, SID and MUD … all … have a moral content. But they differ in what the excluded are seen as lacking. To oversimplify, in RED they have no money, in SID they have no work, in MUD they have no morals.

Levitas (2005: 27)

The OECD capacity building policy framework of integrated and complementary Active Labour Market Policies, active social assistance measures, and education and
training policies of Lifelong Learning falls principally under Levitas’ SID (social integrationist discourse). These are pivotal, for they enable the individual to build the human capital necessary to achieve the autonomy, independence, responsibility and self-sufficiency that are the antithesis of dependency with its attendant risks of social exclusion. Passive social assistance is deemed to be, if not directly causal, at least implicated in the development of cultures of dependency which lead to social exclusion. The OECD’s analysis makes this clear.

…[P]ersistent dependency on the State […] becomes a poor alternative to active participation and self-sufficiency […] … maximizing human potential and individual choice increases human dignity ….

[whilst] policies which fail to promote the realization of individual potential and greater personal control over the circumstances of life may hamper rather than help society.

(New Orientations, OECD, 1994a: 7, 10 & 11)

[So]… in the light of concerns about dependency by future generations, it seems necessary to have a greater focus on improving education, skills and work experience of children from low-income families…. Young people without skills and work experience cannot compete in the labour market, and need help to avoid prolonged dependency and other social risks.

(Battle, OECD, 1998a: 67,127)

The stakeholder discourse of Blair’s New Labour was similarly concerned to assist and support the socially excluded through building their capacity for economic participation and hence self-sufficiency. Education was therefore at the centre of its vision for the economic and social renewal of British society. The focus is on opportunity because

really a life on benefit – dependent on the State – is not what most people want. They want independence, dignity, self improvement, a chance to earn and get on.

(Blair quoted in MacIntyre, 1999:121 & 122)

Hence

Learning is the key to economic prosperity - for each of us as individuals, as well as for the nation as a whole. It has a vital role to play in promoting social inclusion.

(Blunkett, 1998)
**Economic Participation, the Learning Economy and Lifelong Learning**

Lifelong learning is essential to the OECD’s interlocking objectives of social cohesion, democracy and economic security. Social cohesion is contingent on economic participation, democracy depends on a secure economy, whilst the personal development of individuals is realised through the economic domain of social life. In this context, discourses of social investment by the state and personal investment of the individual come together in the discourse of the Learning Economy and its policy paradigm of lifelong learning. Following Levitas’ example (Levitas 1998; 2005), I refer to the discourse of investment in human capital and the discourse of the Learning Economy as the Human Capital Discourse (CHAD) and the Learning Economy Discourse (LED) respectively. Individual personal development through economic activity I term the Self-Actualisation Discourse (SAD).

Although personal development and democratic cohesion are identified as objectives of Lifelong Learning, the economic dimension remains dominant. So Lifelong Learning for All recognises that

OECD economies and societies have moved towards a dependence on the creation and manipulation of knowledge, information and ideas. [...] There is an inherent warning [that] those countries and regions that do not follow its logic to create learning societies, and those individuals who do not participate in them, are increasingly disadvantaged and left behind.

*(Lifelong Learning, OECD, 1996b: 90)*

Whilst

[f]uture economic prosperity and social cohesion depend on all members of society having the skills, motivation and opportunities to be active learners throughout their lives. Without the creativity and flexibility that learning can bring, individuals, enterprises and nations will struggle in the face of economic and social changes.

*(OECD, 1997c: 14)*

As argued, the benefits to the individual from lifelong learning are principally those of economic security and hence avoidance of the risks of social exclusion. They thus extend well beyond traditional labour market flexibility considerations. The individual is secured against dependency, but perhaps most importantly, she has the opportunity for self-development or *self-actualisation* through learning, and
particularly through the nexus of learning and fulfilling employment. This is the Self-Actualisation Discourse (SAD). For example:

For the individual, lifelong learning emphasizes creativity, initiative and responsiveness – attributes which contribute to self-fulfilment, higher earnings and employment …

(Lifelong Learning, OECD, 1996b: 15 my emphasis)

SAD works together with CHAD - the human capital development discourse – in strong complementary fashion. Thus we find that:

... human capital [is] one of the driving forces of economic growth. [...] a ... well-educated population ... has the confidence to embrace, rather than resist change. ... lifelong learning [ensures] that all can contribute to and benefit from our increasing efficient – but also increasingly demanding – economies.

(Caring, OECD, 1999:3)

Taken together, SAD and CHAD constitute the promise to the individual of the lifelong learning compact (LED). Hence:

Lifelong learning is a means of shaping the future of OECD societies, by fostering the personal development of the individual …

(Lifelong Learning, OECD, 1996b: 27– my emphasis)

These initiatives are situated as a ‘partnership’ between the state and the individual whereby the individual is an active participant in shaping the future, and the state has the obligation to invest in the human capital of their workforce and establish policy frameworks which enable participation by citizens. In other words:

Governments can no longer be thought of as providers of largesse, but instead, as partners that enable and empower people to take initiatives on their own behalf and to exert greater control over the circumstances of their lives. The new partnership between the government and the people ... is ... to maximise human potential and the choices available to individuals, thereby increasing personal dignity and the resources available to the economy.

(New Orientations, OECD, 1994: 12)

In sum, therefore, there are multiple elements to policies of lifelong learning:
the principal objectives of lifelong learning are economic growth and the social cohesion achieved through economic integration, that is, the active economic participation, of citizens;

- social prudentialism – that is, social investment by the state in human capital to maximise success in the competitive knowledge economies of twenty-first century global capitalism;

- individual prudentialism – that is, personal investment by the individual in her own human capital in order to secure herself against the personal risks of unemployment or underemployment, economic insecurity and social exclusion (the human capital discourse or CHAD);

- the potential for self-actualisation for the citizen-worker (SAD); and

- the distribution of shared responsibility between the state and the individual.

Social Cohesion - The New Vocabulary of Citizenship?

In all of the relevant documents, from New Orientations (1994) – where the concern is community cohesion - through Societal Cohesion (1997a), Battle (1998), Caring (1999), to Investing in Competences for All, (2001a) and Where are the Resources for Lifelong Learning? (2001c), social cohesion is a principal organising policy concept underpinning recommendations with respect to the labour market, social assistance and education and training. These concerns have persisted over the past decade and are not restricted to the OECD, but have been shared by Britain’s New Labour, the European Union, The Council of Europe (Jeannotte, 2000), the US and Canada (Jeannotte, 2000) and Australia (although Abbott (2000) used the term ‘social fabric’ rather than ‘social cohesion’). The Rudd Labor government elected in 2007, adopted the term ‘social inclusion’ and consistent with the OECD paradigm, the same Minister - Deputy PM the Hon Julia Gillard – took responsibility for Education, Employment and Workplace Relations, and Social Inclusion.

The social participation and social integration of those at risk are the pre-conditions of this understanding of social cohesion. At the same time, the favoured form of
integration is economic integration, that is, participation in the labour market. Under this discourse, economic participation achieves social integration, whilst social integration protects against social exclusion thereby minimising threats to social cohesion. Thus is ensured a “‘virtuous circle of social inclusion’” and social cohesion rather than a “‘vicious circle of exclusion and division’” (Levitas, 1996: 13).

Whilst much of the policy discussion around social cohesion is concerned with the threats (such as welfare dependency, cycles of dependency, economic insecurity, disconnection from the labour market, exclusion from the information society and the like), it is also more positively expressed as social solidarity, community cohesion, community solidarity, social or community inclusion - effectively and crucially citizenship.

Remarking on just this point, Silver (1994: 14) sees “[i]ntegration [as] a project seeking to reconstrcut an active citizenship”. She identifies the current concerns with social solidarity as a particular development in a much longer tradition. The notion originates in French republicanism – Rousseau’s ideas of the general will and society as a transcendent organic unity in which individual citizens are simultaneously integrated into the collective and yet, and therefore, are free and autonomous citizens (Silver 1994). In the context of addressing the complexities and dilemmas and precarious social fabric of 19th century industrial capitalism and urbanisation, Durkheim focussed similarly upon social solidarity, that is, the social bonds between the individuals who make up ‘society’. For Durkheim, the greater the social solidarity (in terms of the ‘organic’ rather than the ‘mechanical’ solidarity of a society), the greater the individual’s independence and autonomy (see for example, Silver, 1994; Levitas, 1996; Harris, 2002).

The promise of social cohesion through economic participation is thus the re-integration of the excluded, those who are “divorced from the economic and political system” (Silver, 1994:13). Levitas believes that the social exclusion / social cohesion policy discourse is a “punk Durkheimianism [rather than] a consistent and
sophisticated deployment of Durkheimian theory” (Levitas, 1996:13). However as Harris (2002) makes clear, inclusion, exclusion, integration, social cohesion and the like act as ‘policy metaphors’ promising to society economic and personal security, and to the individual, the subjectivity of belonging.

The nature of citizenship was the subject of Chapter Six. There I outlined an understanding of citizenship as belonging – belonging to a multidimensional community whose elements are the political, the national, the social, and the moral/ethical. Here I contend that the OECD’s concerns with social cohesion, social solidarity and community cohesion can be understood as concerns over the terms and conditions of neo-liberal citizenship - particularly the social and the ethical elements of citizenship. Social cohesion, or social solidarity constitutes social and ethical inclusion - that is to say, inclusion into both the social and the ethical community. Social exclusion constitutes both objective and subjective exclusion from the social and ethical communities of citizenship. Social solidarity, social cohesion – which are contingent on economic participation - promise full and equal citizenship, that is full and equal inclusion, rather than the ‘mere’ formal status of inclusion of legal citizenship. Without such inclusion, formal legal citizenship is hollow – particularly in terms of the subjectivity of belonging and inclusion necessary to a secure identity (see for example Taylor, 1992). The contemporary discourse of social cohesion thus constitutes a new form, or conception of citizenship, and more specifically a new form of active citizenship – active economic citizenship.

Why is there the need for a new vocabulary of citizenship? What is the need for a new policy concept? Why social cohesion and not citizenship?

The answer lies in the changing framework of the discursive character of social risk in a neo-liberal world. It is this that necessitates the vocabulary of social cohesion rather than citizenship, together with its becoming the organising principle of policy. The welfare state of mid twentieth century understood citizenship as a status with attendant rights – political, civil and social (including entitlement to social assistance such as unemployment benefit). The formal legal status of citizenship was the
condition of belonging and ‘mere’ belonging entitled the citizen to the benefits of the welfare state. However, within the ‘constant process of creation and destruction’ that is globalisation (Societal Cohesion, OECD, 1997a: 7) the only certainty is uncertainty, the only predictability is unpredictability, and the only constant is constant change. Employment is uncertain, economic security is uncertain. In such circumstances the good and prudent citizen insures herself against the vagaries of globalisation as far as is practicable by ensuring her labour market flexibility – through re-training and re-skilling - that is, through investing in her human capital. Giddens’ prudential ‘social investment’ state governs its citizens so as to maximise such behaviour because that individual prudentialism will ensure the security and prosperity of the state.

Entitlement without conditions, or in other words entitlement attendant on ‘mere’ belonging is, in OECD terms, passive. Universal access or benefit entitlement irrespective of participation not only is no insurance against the uncertainties of the globalised economy, but also ‘breeds’ or encourages the moral hazard of dependency. The ‘mere’ belonging of citizenship cannot ensure individuals actively participate in ensuring the economic security and prosperity of the community, or become investors in their capacity to withstand and adapt to ‘change’. Citizenship status alone therefore – that is membership of the national community - is no longer a prudentially valid response to the changing risk environment of the global era.

In the democratic Anglophone world however, administrative practice cannot exclude individuals from access to the social rights of citizenship (welfare benefits, unemployment benefits, pensions and the like) on the basis of ‘lack’ of participation as the formal status of citizenship is based upon place of birth or choice (‘naturalisation’). To attempt to do so would be a legal and administrative impossibility - the nineteenth and twentieth century struggles over citizenship (class, sex, ethnicity, race etc) were about non-discriminatory access to citizenship and its attendant rights. The active economic participation requirements imposed on welfare recipients cannot therefore be accommodated within the traditional language
of citizenship. Policy discourse has then ‘uncoupled’ citizenship status from benefit entitlement, and replaced narratives of citizenship and belonging (and the conditions of entitlement) with narratives of economic participation, economic integration, social integration, social solidarity and social cohesion. Belonging to the ethical (rather than formal, legal) citizenship community has become performative – that is, dependent on some form of active economic conduct\textsuperscript{10}.

**Conclusion**

The OECD’s integrated policies of active labour market programs (ALMPs), active social assistance programmes and lifelong learning are presented as appropriate prudential strategies for both societies and individuals to insure against the risks of social exclusion – the potential for such exclusion being part of living in a world of global capitalism. Active economic participation and inclusion in the labour market avoids both social exclusion and the moral hazard of welfare dependency.

This has benefit not only for the individual but also the society and the nation. It is seen to foster social cohesion and hence the peace, good order, prosperity and stability of the nation. These - social cohesion, and the peace, good order, prosperity and stability of the nation - are the rights and obligations of citizenship that the individual active citizen is privileged and obliged to bear. Integral to this suite of ALMPs, active social assistance and lifelong learning is an array of activation strategies – disincentives and incentives which require compliance, and encourage individuals to adopt appropriate behaviours. However, the objectives of policies of active market participation and lifelong learning are more than mere behavioural compliance. The objective is principally the formation of particular types of subjects and subjectivities imbued with an entrepreneurial self motivated and self regarding consciousness.

Thus far, I have concentrated upon neo-liberal globalisation as the ‘imperative’ driving both higher education policy and the broader OECD triangular policy paradigm integrating ALMPs, active social assistance and lifelong learning.
Together with this, I have focused on the implications of these developments for the changing character of citizenship. In Chapter Six I commented that the policies discussed in this dissertation are not explicitly directed towards changing the conditions and terms of citizenship; rather they are directed towards changing citizens’ actions and behaviours – the conduct of their conduct. More importantly, they are concerned to change the subjectivities of citizens towards norms of conduct which privilege the economic and economic participation. At least in part, it is through developing in citizens norms of conduct which privilege economic participation that the conduct of citizens’ conduct is governed. Thus far, this has been stated or implied, rather than argued theoretically. The following chapter then, deploys a poststructuralist perspective to illuminate this practice of government and the manner in which it is reconfiguring citizenship.
ENDNOTES

1 This orthodoxy is not restricted to the OECD – for example “... social inclusion has become central to the social policy agenda of the European Union and hence to the formulation and legitimisation of policy. All member states are required to produce biennial National Plans for Social Inclusion ....” (Levitas, 2005: ix); see also Jeannotte (2000). Goodin (2001:189) refers to this orthodoxy as a ‘pandemic’.

2 OECD documents which demonstrate this policy orthodoxy concerning labour market policies – particularly Active Labour Market Policies (ALMPs) – social assistance policies and education and training policies include:

http://www.oecd.org/sge/min/job94/part2d.htm


The Battle against Exclusion (Vol 1) Social assistance in Australia, Finland Sweden and the United Kingdom OECD, Paris, 1998 (OECD 1998a) (hereinafter referred to as ‘Battle’)


Societal Cohesion and the Globalising Economy: What does the future hold?, Paris, OECD, 1997a (Herein after referred to as ‘Societal Cohesion’)

‘Lifelong Learning for All’ Meeting of the Education committee at Ministerial Level, 16 – 17 January, 1996 Paris, OECD, 1996b (hereinafter referred to as ‘Lifelong Learning’)

Motivating Students for Lifelong Learning, Paris, OECD, 2000a (hereinafter referred to as ‘Motivating’)

From Initial Education to Working Life - Making Transitions Work, Paris OECD, (2000b) (hereinafter referred to as ‘Transitions’)

Investing in Competences For All, Meeting of OECD Education Ministers 2 – 4 April, 2001a
http://www.oecd.org/els/Ministerial/excerpts.htm; http://www.oecd.org/els/education/


Where are the Resources for Lifelong Learning? Paris, OECD, 2001 (OECD 2001c)

3 The OECD’s triangular policy framework for social inclusion and cohesion, which is the principal focus of this chapter, was first articulated during the 1990s and the early years of the twenty-first century. It has remained the
policy orthodoxy throughout the decade. Latterly, the focus of the OECD’s work has moved to a more evaluative mode. Examples of this focus include the annual employment outlook series including, OECD Employment Outlook 2006: Boosting Jobs and Incomes (OECD, 2006b: 47 – 126), and a number of Social Employment and Migration Working Papers (all of which can be accessed via www.oecd.org/els/workingpapers) - particularly numbers 16 (The Swedish Activity Guarantee, 2004), 26 (The “Enabling State?” from Public to Private Responsibility for Social Protection: Pathways and Pitfalls 2005), 36 (From Inactivity to Work: the Role of Active Labour Market Policies, 2006), 42 (Activation Strategies and the Performance of Employment Services in Germany, the Netherlands and the United Kingdom, 2006), 51 (What Works Best in Reducing Child Poverty: a Benefit or a Work Strategy?, 2007), 75 (Activation policies in Ireland, 2009), 78 (Activation Strategies in Norway, 2009) and 83 (Work, Jobs and Well-Being across the Millennium, 2009)

The onset of the Global Financial Crisis, has not changed the OECD’s commitment to the policy framework, with the Employment Outlook 2009 – Facing the Jobs Crisis arguing that “Governments must intervene quickly and effectively, including … scaling up resources for active labour market policies” (OECD, 2009d - forthcoming).

4 The discipline exerted upon national governments by international capital markets and hence the necessity for governments to exercise fiscal rectitude translates into reduced budgetary expenditure – particularly on traditional forms of welfare protection or the provision of services or. See also Gill (1995; 1999; 2000).

5 Although conceptualised and analysed from differing perspectives, there are significant parallels between Anglo-American concerns over declining social capital – a concept particularly associated with Robert Putnam and introduced in his 1995 paper Bowling Alone, (Putnam, 1995) and his later book of the same name (Putnam, 2000) – and OECD, European Union, and Council of Europe ‘social cohesion’ concerns. (For a comprehensive comparison of the OECD, European Union, and Council of Europe’s differing conceptualisations of social cohesion, see Jeannotte, 2000)

6 Implicitly the welfare state provided its citizens with negative welfare - yet another neo-Orwellian dualism is established therefore between positive and negative welfare.

7 It is noticeable in the terminology describing these programs firstly the dominance of the word “active”, but perhaps more significantly the absence of the word “welfare”. These are not policies of welfare – which is almost by definition ‘bad’; rather, they are policies of assistance, which signifies that the final responsibility for their redemption lies with the agency of the recipient.

8 These differing orientations correspond broadly to laissez-faire and social market approaches described by Gamble in Chapter 3 and the neo-Fordist and post-Fordist policy strategies discussed by Brown and Lauder (1996) - also in Chapter 3.

9 One of the paradoxes of post national era or global era is that the national is still a powerful discursive element of the discourses of citizenship; for cosmopolitan or supranational political entities, for example the European Union, the issue is ‘European Identity’ (Jeannotte, 2000). Thus the national identity element of citizenship is reconfigured into a broadly cultural identity. In other words, the element of citizenship discourse concerning identity remains, but in a new dual form, the European citizen having both national and European identity.

10 Consistent with such neo-liberal orthodoxies of small government and minimising government expenditure (‘budgetary constraint’) the trajectory of the retreat from universalism characteristic of many elements of the welfare state was firstly, the targeting and limiting of assistance to those in ‘real’ need (principally through means testing) of formerly universal entitlements and secondly, economic participation requirements such as work tests or activity tests.

Means testing and activity tests are rationing or targeting mechanisms applied differentially to differing categories of social assistance beneficiaries – for example means testing applies particularly to those who are outside the labour market, such as children and the elderly; whilst activity tests determine the entitlement of potential workers, that is the ‘able bodied’ who are capable of work. Rather than collective community support, the model is individualistic and directed towards the independence and autonomy of the citizen. It provides a safety net only – those who can help themselves (either through means or the capacity to work) should act responsibly, and do so. Policies are directed towards differentiating between those who cannot help themselves and those who will not or choose not to help themselves. Passive assistance is only for those who cannot help themselves.
CHAPTER 8: POWER, GOVERNMENTALITY AND CITIZENSHIP

Introduction
The focus in this chapter is the manner in which activation strategies, both disciplinary and invitational, operate as practices of government to constitute citizens as active economic subjects. This examination is set within a broader discussion of government, governmentality, the ethical construction of the self and the associated development in individuals of the subjectivities and norms of conduct appropriate to the policy objectives of the state.

Thus far, this thesis has shown how both internationally and in Australia, higher education policy has been directed towards the restructuring and reorienting of higher education towards serving economic competitiveness through both the development of human capital and ‘innovation’. To this end, students, staff and institutions have been disciplined into individualistic, entrepreneurial and economic practices thereby constituting them as active individualistic, entrepreneurial and economic subjects. It has also shown how policies of active market participation described in the previous chapter - active labour market policies (ALMPs), active social assistance and lifelong learning – employ ‘activation strategies’ to ensure that individuals – citizens - become active and prudential economic agents. These activation strategies are employed across all policy domains and constitute forms of government which structure the field of possible actions of citizens and are intended to effect the policy objectives of the state. Whilst activation strategies may be coercive and disciplinary, they also operate in an ‘invitational’ form, inciting and encouraging individuals to act in particular ways. In these cases, discourses of autonomy, self development, personal fulfilment and self actualisation, discourses of belonging and solidarity, operate to shape attitudes and behaviours.

The discussion in this chapter draws principally upon the work of Foucault. His work has been particularly powerful in rejecting the positivist conception of knowledge and of language as mere verbal translation (Foucault, 1972; 1984).
Central to his critique is his very particular use of the term ‘discourse’. For Foucault, discourses constitute internally coherent discrete bodies of 'knowledge' or rationality. Discourses thereby constitute our fundamental ontological schemata. Foucault claims that it “is through discourse ... that the social production of meaning takes place and through which ... power relations are maintained” (in Kenway, 1990: 173).

Language and politics are mutually constitutive (Miller and Rose 1993: 79).

Dean (1994: 194,195) summarises Foucault’s work as

the analysis of three broad domains ... rationality, government and ethics [...] an analytic of practices of truth power and the self. ... Foucault’s approach ... comprehends them as systems of practices. Thus for a theory of truth he substitutes an analysis of forms of rationality, the rules, procedures, and methods, by which truth is produced .... what he would call ‘regimes of truth’ .... For a theory of power and the state, he substitutes ... the tactics, strategies, techniques and technologies of government. In a similar fashion ... ethics, like rationality or government becomes intelligible ... as a domain of practice, one concerned with the exercise of freedom in the formation of the self ....

Foucault’s studies of rationality, government and ethics, focus upon what he calls ‘governmentality’ - that is, the mentality or rationality of government. Governmentalities are concerned with the very concrete nature of power (Foucault, 1991a: 57) and

are to be analyzed as practices ... as a kind of intellectual machinery or apparatus for rendering reality thinkable in such a way that it is amenable to political programming ....

(Rose 1996: 42)

Such an analysis of government is not normative; rather, it is descriptive and in a sense empirical. It is not concerned with political philosophy and the manner in which theory is assumed to underlie and thereby guide or determine the practice of rule, nor is it concerned to articulate the manner in which rule ought, or should be exercised. Rather, the governmentality perspective is concerned to analyse how government can be thought, how government can be exercised, the rationalities of government, and the manner in which government and political rule can be
exercised – are exercised - through and according to knowledge, rationality and reason.

Modern government is directed towards the security, order and prosperity of the state. It is both totalising and individualising – that is to say, it is through the government of individuals that the population and the state is governed. However, at all times this order and prosperity is insecure and subject to risk. The nature and character of the dangers facing the state differ over time so that the response of the state varies and is specific to the character and dimensions of the perceived hazard. The particular objectives of the state – that is, those necessary to achieve its prosperity and security – are consistent with its challenges and are similarly specific.

My broad concern is with the form of government, that is, the rationality of rule, characteristic of the liberal democratic societies of the late twentieth century and early twenty-first century. My particular focus is the nexus between government and ethics characteristic of neo-liberal governance and neo-liberal citizenship. Miller and Rose (1993) use the term ‘advanced liberal’ government to refer to the neo-liberal turn seeing it as a form of government organised around the exercise of the freedom of those who are governed, with policies effected through the “self regulating capacities of citizens shaped and normalized through expertise” (Miller and Rose, 1993: 75). Government through the agency of free citizens is effected through the ethical construction of the self as a particular kind of person – in other words through the construction of a particular subjectivity. The dispositions of this subjectivity are in turn governed by the discursive rationalities of policy and their attendant direction (and constraint) upon the citizen’s agentic capacity. Thus government is through subjection – that is, the concern is with making a particular kind of subject possible, a particular kind of individual, a particular kind of self. The manner in which neo-liberal governance shapes norms of conduct through subjection concerns all of the three domains of Foucault’s work as outlined by Dean, whilst it is the politico-ethical norms of conduct thus effected which in turn constitute the terms and conditions of citizenship.
The following discussion provides a overview, rather than an extended analysis, of Foucault’s work and the later Foucaultian theorists working within the governmentality tradition. It begins with a consideration of power and government, and the rationalities of government. A discussion of the manner in which political rationalities are articulated in policy, and particularly policy documents, is followed by a review of activation strategies in higher education and finally, a sketch of the manner in which citizenship has been reconfigured according to neo-liberal principles.

**Government and Power**

Foucault’s concern with government concerns both the governing of oneself, that is, the regulation or determination of the conduct of life or behaviour of oneself, and the manner in which the state governs national populations. According to Foucault government is less concerned with the control of territory (that is, sovereignty) than it is with the management of the population.

Government must be allowed the very broad meaning which it had in the sixteenth century. ‘Government’ did not refer only to political structures or the management of states; rather it designated the way in which the conduct of individuals or states might be directed; the government of children, of souls, of communities, of families, of the sick. It did not cover only the legitimately constituted forms of political or economics subjection, but also modes of action, more or less considered and calculated, which were designed to act upon the possibilities of action of other people. *To govern, in this sense, is to structure the possible field of action of others.*

(Foucault, 1982: 221 – my emphasis)

To govern is to exercise power - even over oneself (Burchell, 1993; Miller and Rose, 1993; Rose and Miller, 1992; and Rose 1999). Foucault makes the point that the exercise of power implies the possibility of resistance, and in this context, situates ‘government’ as a particular form of power which involves *structuring* the possible field of action of those subjects who exercise power over themselves. (This stands in contrast to *domination*, another form of power where subjects have little or no agentic
possibility/opportunity.) The necessary and essential conditions for the exercise of power as government are thus, freedom, agency and choice. Foucault therefore differentiates power in this sense from violence: it can be exercised coercively, but not by physical violence or physical force. (These act upon the body whereas power acts upon the ‘will’.) Thus, for Foucault, “the exercise of power consists in guiding the possibility of conduct and putting in order the possible outcome”. (Foucault, 1982: 221). This guiding of conduct is grounded in knowledge, rationality and reason.

Political government – that is government of the state - is purposeful and programmatic in that there are particular ends to be achieved. Broadly, good government consists of the order, prosperity, security, and peace of the population and hence the state. To this end, the productive capacities of the population – both as individuals and as the population as a whole – are mobilised and organised. As already indicated, in this fashion, state power is both individualising and totalising for it is only through the prosperity and security of the individual that the prosperity and security of the state can be achieved. Government is therefore of each and all.

From ‘Policing’ to ‘Liberalism’

In the early modern period (particularly in Europe) government was exercised though the detailed and invigilative regulation - or policing - of daily life. The policed state was an absolute state, a total state. This use of ‘total’ is not the sense in which we commonly use the term totalitarian - as an equivalent to, or synonym for tyranny; rather, it was that the totality of life of the population - trade, commerce and indeed all aspects of economic relations, family relations, education, training, the built and natural environment - every conceivable aspect of the life of the country was subject to laws and regulation. It was subject to an “exhaustively detailed” form of administration (Gordon, 1991: 10). The aspiration was the creation of order through the detailed regulation of the daily life of each individual member of the population of the state.
This focus upon the minutiae of the practicalities of all and every domain of human existence should be understood as the conscientious maintenance of a precarious order. The early modern period – the beginnings of the post Westphalian order - was in transition from a traditional order to a rational human centred organisation of social life. The perspective on the world as reflecting a divine or ‘natural’ order was being replaced by a vision of the world as one to be made - ordered - by human endeavour, human expertise and capacity.

At this period society was not envisaged as autonomous independent and self regulating (as would later be characteristic of liberal thinking about the social). Rather, society and the state were co-terminous and the role of the state - through the police - was to manage, to shape, to guide and to direct what we now call the social. Similarly, rather than autonomous individuals who existed prior to society (again a feature of liberal thought), individuals were both formed and managed through society. Under conditions of police, the population was managed as individuals so that each individual and every aspect of their lives, was subject to law and regulation.

The emergent form of eighteenth century liberalism, which was grounded in the sovereignty and freedom of the individual – particularly the freedom from the incursions or ‘interference’ by the state in the private concerns of the individual - constituted a critique of the police(d) state and the absolutism of the detailed and exhaustive regulation of daily life. At the same time, the economy was emerging as a separate semi-autonomous domain with economic activity determined by the interaction between consistent and coherent natural laws, and the free choices of independent agents (see Hindess, 1997: 19; Harris, 1999: 32 & 51).

Liberal modes of governance constitute a particular way of envisaging, understanding and hence effecting rule - rather than power being exercised over individuals, power is exercised through individuals. The subjectivity of the citizen is pivotal, for it is the dispositions, orientations or subjectivity of the citizen that effect
government. The ends of government are to be achieved indirectly rather than directly – that is, governing is at a distance. Under conditions of liberalism the government of the population - that is, the conduct of conduct – must be guided or shaped, rather than directed or administered. That is to say, liberal forms of government, of political rule, operate through the freedom and agency of the free, self determining and self-directing individual – that is through self government or government of the self. Therefore, whereas governing through police required only that individuals be obedient, conforming to the regulations imposed upon them, liberal modes of governance require the construction of particular subjectivities of citizenship, or that is, particular constructions of the ethical self. Such a self is oriented to governing herself in particular ways, and this governing of conduct thereby effects political rule.

Liberal modes of governance are, however, insecure and uncertain. Governing at a distance, governing through individuals depends upon the freedom of the governed; hence there is no certainty that their self government will necessarily achieve the desired ends - that is the policy objectives – of the state. The ends of government can neither be assumed nor assured – they can only ever be attempted.

Rather than as a coherent internally consistent entity, governmentality theory conceptualises the state as a number of substantive domains in which – through policies specific to those domains - conduct and agency are regulated in the interests of particular outcomes and goals (see also Dean 1994: 218). However, whilst the character of policy in each of these domains (or policy areas) will be specific to the terrain there is likely to be at least a degree of overarching coordinating coherence across all policy domains consistent with the broader rationalities of the state and its politico-economic context². So for example, the OECD’s triangular policy paradigm of active labour market programmes, active social assistance and lifelong learning is consistent with higher education policies directed towards enhancing the nation’s economic competitiveness through innovative and economically entrepreneurial citizens.
Policy can be seen as the response of the modern polity to the dilemmas, conflicts and complexities of society. These dilemmas, conflicts and complexities are constructed as ‘problems’ to be addressed through the application of the appropriate rational technical expert knowledge. It is not necessarily assumed however, that any particular policy initiative will solve the problem once and for all; rather, that the seemingly intractable dilemmas of the social world can only be settled through continued attention to the problem (see also Rose, 1999). Thus policy making has pretensions of progress, and rather than finality or resolution, progress towards order, stability and the resolution of uncertainty, prosperity and security. The process however is not given, for “[t]o govern, it is necessary to render visible the space over which government is to be exercised” (Rose, 1999: 36). Rose uses Latour’s term “inscription devices”, examples of which are maps, charts, diagrams, graphs and the like, suggesting that:

> It is these inscriptions which make things stable, mobile, durable comparable .... [...] Inscriptions are also rhetorical. That is to say is a map, a chart, a table, a diagram is a little machine for creating conviction in others. Inscriptions thus produce objectivity .... Inscription devices are ‘intellectual techniques’: material techniques of thought that make possible the extension of authority over that which they seem to depict.

(Rose, 1999: 36 & 36)

Policy documents, with their statistics, charts, diagrams, analyses and conclusions are effectively complex and multilayered ‘meta’ inscription devices, with a multiplicity of other inscription devices incorporated into them. Each of these devices is concerned to ‘create conviction’ and together they enable the policy document to extend the authority of the state over the particular policy domain – be that employment, health, welfare, education, the environment. Policy documents define the nature and parameters of the policy domain, the particular problems faced, and establish the appropriate actions and necessary strategies relating to the ‘solution’. We have seen how higher education policy has been and continues to be effected through such policy documents – discussion papers, reviews, reports, policy statements and the like - documents which rely upon data, graphs, tables, analyses

Fundamental to the conviction, authority and legitimacy of policy is expertise. Because policy is effected through ‘the self regulating capacities of subjects’, expertise is crucial. Policy documents contain the knowledge, and articulate the truths upon which the policy programme is based. They are discursive artefacts of government wherein the programmes of state in any particular substantive domain are articulated and argued. The truth articulated in policy documents is of existing ‘reality’ and envisaged ‘reality’, and the strategies and programmes devised to achieve the envisaged reality. Policy documents are discursive texts constituting “idealized schema for the ordering of social and economic life” (Miller and Rose, 1993: 88) – that is to say, they constitute instantiations of political rationalities.

**Political Rationalities**

Government is the practice of rationality. Rose (1999: 24-28) refers to the organising logics of liberal modes of governance, as ‘political rationalities’ and distinguishes between their epistemological and ethical idiomatic characteristics. Such rationalities of government are “autonomous” (Hindess, 1997: 18) – that is, intrinsic to government - rather than determined extrinsically by principles such as the natural order of
things or divine law. Political rationalities both vindicate and legitimate government itself and modes of government – that is to say, they provide answers to the questions of why and how to govern. The forms of language (Rose’s ‘idiom’) in which these forms of rationality are expressed, their vocabulary, their ontological and epistemological assumptions conjure particular realities into being.

Rationalities of rule are systematically organised according to a series of elements, or ‘regularities’ (Rose, 1999:24; Miller and Rose, 1993). These regularities provide the authority and legitimation for rule, the truth and knowledges which ‘create the conviction’ through which power is effected, and, through particular forms of language, make the practices of government intelligible and meaningful. These discursive fields are “organized, by ethical principles ... and by significant agreement on key political problems” (Rose, 1999: 24). Political rationalities also

... have a distinctive moral form, in that they embody ... the ideals and principles that should guide the exercise of authority: freedom, justice, equality, responsibility, citizenship, autonomy and the like.  

(Rose, 1999: 24)

Whilst there is no ordered chronological or temporal progression of differing modes of government (Rose, 1999:23; White and Hunt, 2000: 101), governing through discipline, the social, and advanced liberalism are associated with – or at least dominant - in particular periods. Thus discipline characterises nineteenth century government, the mid twentieth century is the period of government through incorporation into the social, whilst advanced liberalism (neo-liberal government) dominates the end of the twentieth century and the beginnings of the twenty-first century. However, the thinking or invention of new rationalities of government does not necessarily mean the disappearance of earlier rationalities of rule. So for example, whilst advanced liberal government is characterised by the free choices of autonomous citizens, regulatory and disciplinary practices continue to be exercised, particularly over women, the poor, the unemployed, children and indigenous peoples3 - particularly in the welfare sector. Examples would include work-tests, principles of ‘mutual
obligation’ and the compulsory income management of Australia’s *Northern Territory Emergency Response* (NTER) (see FaHCSIA, 2008).

*Discipline, The Social and Neo-Liberal Government*

Each of these governmental regimes was concerned to ensure its version / understanding of the stability of the state, economic prosperity and the good society. At the same time, each constituted desirable forms of conduct on the part of individuals – in effect, particular dispositions of citizenship, particular ethical constructions of citizenship. The objective of rule is to guide and, as far as possible, to ensure that individuals - citizens – engage in the forms of conduct, the forms of life that attend to the risks to society and the imaginary of the nation. This imaginary is always subject to risk as the social cohesion, social solidarity, security and imagined community of the nation are precarious and potentially fragile. In each of the nineteenth century, mid twentieth century and late twentieth century/early twenty-first century respectively, differing dimensions of risk have been dominant and the particular forms of rule addressing such risks privileged. Whilst Rose acknowledges that the attention given to these risks is

rather *ad hoc* . . .[and constitute] *practical* attempts to think about and act upon specific problems in particular locales

(Rose, 1999: 24 – emphasis added)

he also argues that there is “significant agreement on key political problems” (Rose, 1999: 28).

Particular understanding of risk, of the character of the state and of desirable politico-ethical norms of conduct are mutually constitutive. This not to not argue that there is a causal or determinative relationship between them; rather, that there is a coherence between understandings of risk, the objectives and character of the state and desirable norms of conduct. In other words, the manner though which the overarching objectives of peace, security (internal and external) and prosperity are achieved differ according to the perceived risks, and the threats impinging upon the state. Just as there is a degree of consensus regarding the political problems facing
the state (see Rose above), so too there is broad agreement regarding the broad framework of appropriate policies and the associated norms of conduct necessary to attend to the risks facing the state.

Putting aside the very real threats to the nation of war (which tend not to threaten social cohesion, and which in fact may indeed strengthen it), the threats to the security of the nation and its social cohesion were, in the nineteenth and twentieth centuries essentially internal\(^4\). During these periods, both the economy and the society were essentially national – that is delimited by the territorial boundaries of the sovereign state. In contrast, the globalisation of the late twentieth century and early twenty-first century means that the economy in particular is no longer limited to the nation state. This constitutes an additional dimension of risk and insecurity to the economic prosperity and stability of the (national) society. Threats are now therefore both external and internal – the external challenge is the global economy and the associated risks of footloose capital and the like outlined in Chapter Seven, whilst the internal social risk is the threat to social cohesion occasioned by welfare dependency and the possibility of a permanent disaffected underclass.

In the nineteenth century, the internal threat was cast in terms of the corruption of morals and the potential of society to slide into decadence (White and Hunt, 2000). Its disciplinary regimes exercised moral governance in association with economic liberalism. Discipline, “the continuous exercise of power through surveillance, individualization and normalization” (Rose, 1999:23) was concerned to engender a well-trained, restrained and self-disciplined subject who would exhibit self-control and exercise their own will to govern their actions in conformity with the politico-ethical and behavioural norms of industry, self improvement, self reliance and respectability. It was concerned to build ‘character’, ‘moral fibre’ and responsibility (Rose, 1999: 104 and 105; see also Foucault, 1991b: 188). Answering to his own conscience – a conscience developed and trained in schools, training institutions, prisons, reformatories - the disciplined and morally upright subject could master his passions. Those whose bodies, rather than those whose morals failed, were enclosed
in hospitals, sanatoria and infirmaries to be restored to the physical health necessary for moral rectitude. Differentially according to class, this particular mode of subjection was characterised by perseverance, loyalty, honesty, diligence, initiative, bravery and other such manly virtues. At the same time, women were to exhibit submission and obedience to their male protector – be that father, husband, brother or son. The womanly virtues were motherhood and wifely duty - ethics of care and support for husbands, children, the elderly and family members (see also White and Hunt, 2000: 95, 102 – 104).

The nineteenth century project of ‘character building’ was a synecdoche in which the signifiers of an ‘uprightness’ in the individual’s relation to both self and others was, at one and the same time, an individual project and a national project. The prevalent discourse was couched in terms of the quest for ‘hygiene; physical and sexual hygiene were the necessary conditions for national hygiene to be the solution to the prevalent preoccupation with anxieties about national decline and ‘degeneration’. The imaginary of the ‘nation’ was viewed as fragile, always in peril of succumbing to the quasi-organic process of decay that resulted from the degeneration of the individuals who were the organic cells of the national body. The imagery of ‘decline and fall’ was ubiquitous and moved easily between a discourse of personal morality and a narrative of national and imperial peril.

(White and Hunt, 2000: 103)

In the mid-twentieth century risk was perceived principally in terms of class division and social inequality, and the consequent threats to social solidarity and collective prosperity (Marshall, 1964). Hence, the social, that is, incorporation into the rights bearing status of citizenship became the form of government characteristic of the welfare state of the mid twentieth century. Whereas the normative discourses of conduct in the nineteenth century privileged duty and the obligations to the state of the ‘good’ citizen (and education was concerned to develop such citizens), the welfare state of the post second world war period was discursively characterised by equality, opportunity and a re-distributive political order that was a proxy for the mutuality of society. Titmuss (1997) described this mutuality as a ‘gift relationship’ “a reciprocal yet unconditional transfer [which] would transform the self-interested exchange of the market [with] universal services ... offset[ing] sectionalism and express[ing] the collective conscience” (Harris, 2002: 6) The social citizen was
entitled to a democratisation of secondary education, various forms of social insurance/income support, expanded welfare provision, pensions such as widow’s pensions, various forms of socialised health care - whether through health insurance, or nationalisation of hospitals, medical care, pharmaceuticals, dental care.

If the nineteenth century western state was an overtly imperial state then the twentieth century welfare state was essentially a protective state. Social citizenship protected citizens not only from ignorance and want, but also and particularly, from the inequalities and injustices of the market – especially pertinent to societies which had only recently recovered from the Depression. In addition, in a world which had recently fought a ‘just war’ to defeat fascism, there was an overtly and decidedly democratic dimension to the welfare state. The status of citizenship both subsumed and transcended class, so that through and by equality of citizenship status, inequality in twentieth century democracies would be ‘fair’, that is, based upon unequal ‘abilities’ and ‘merit’, rather than hereditary privilege, or social class. Equality was to be manifest in equality of opportunity rather than equality of outcome.

This new image of the individual … embodied an ‘environmental’ account of the causes of personal success or failure ….

(Rose, 1999: 133)

Thus the welfare state – the social - maintained social solidarity and the social cohesion of the nation and (the imaginary of) the nation itself principally from the potential risks of fissiparous class division, but also from spectres of fascism.

The self was social, collective, connected, communitarian, rather than individualistic. Agency and conduct conformed to norms that were both national and ‘universalist’ (although gendered and ethnocentric). Individual conduct was socially, or extrinsically rather than individually or intrinsically, determined. At the same time, the individual’s sense of personal meaning came from their societal membership, that is, the community to which they belonged.
[T]he social individual, whose character was shaped by social influences ... found his or her satisfaction within the social relations of the group.

The person also became social in an ethical sense ... to construe him- or herself ... as a person with social obligations, and to steer a path through the world by a constant normative social evaluation of duties and responsibilities.

(Rose, 1999: 133-134)

In contrast, the late twentieth century /early twenty-first century self is first and foremost an individual – and an individual who finds her ‘satisfaction’ in the market, either as worker or consumer. Economic participation has become the privileged domain of human activity, not only in terms of freedom and agency, but also with respect to identity and authenticity. In response to the external threats of late twentieth century and early twenty-first century economic globalisation, and the internal risks of welfare dependence, the neo-liberal competition state has become an enabling state. Through both disciplinary and discursive activation strategies the state ensures that all individuals have the capacity for economic participation. Economic participation is prudential not only for the individual but also for the state, ensuring economic competitiveness and prosperity and social cohesion – that is the security of the society. Whether it be the disciplinary conditionality of work-tests for social welfare or unemployment benefits, or the development of a citizen’s human capital through education and training, the objective is economic participation for economic competitiveness – effectively the social integrationist discourse (SID) of Levitas (1996, 1998, 2005) as discussed in Chapter Seven.

Particularly in education, activation strategies operate to develop in the individual, a subjectivity of the self not only as an autonomous and responsible economic agent in control of their own destiny, but also a fully realised and ‘whole’ human being. As we have seen, these include the development of the individual’s human capital through education and training as a prudential response to the uncertainties of a globalised capitalist economy. It is this which explains the development of the human capital discourse (CHAD) together with the self actualisation discourse (SAD⁶), and as discussed in the previous chapter, just as learning is required for successful economic participation, so success through economic participation is
required for personal meaning. CHAD and SAD promise that participation in education, training and in lifelong learning will ensure for the individual, not only economic security, opportunity, prosperity and independence, but also personal fulfilment, empowerment and success.

This neo-liberal self is self-consciously reflexive, individualistic and unique. She is a private rather than a public self, a self disconnected from the public sphere and one whose subjectivities and norms of conduct privilege self-actualisation and personal vindication through various forms of economic activity. Arguing that the particular form of the self fundamental to neo-liberal government is the ‘self actualised’ or ‘authentic’ individual, White and Hunt (2000) suggest that the ethical dimension of governing oneself involves “the quest for a unique self” or “personality”. This stands in contrast both to the character and self-discipline of the nineteenth century citizen, and to the communitarianism of the mid twentieth century social citizen. The accent is now on personality, where;

> Personality reflects the construction of a set of dispositions unique to each individual .... In sum, these elements constitute an identity that realizes the goal of personal ‘integrity’. To acquire personality, the individual must develop those traits (moral, intellectual, physical, and practical) that will enable her to think of herself and have others think of her as ‘somebody’ – in order to be somebody, one must ‘be oneself’. [...] Personality is not simply given, it must be developed, worked on, adjusted and deficiencies eliminated. Personality ... involves distinct methods of self-development, self-mastery, and the presentation of the self.

(White and Hunt, 2000: 104 & 105)

In sum, then, the three periods of liberal modes of governance - discipline, incorporation into society, and advanced liberalism - represent respectively, the intersection of character and the economic, the intersection of the social and the economic, and the intersection of reflexive self-actualisation (personality) and the economic.
It is the moral dimension of the political rationality that provides the broad overarching framework, or justification for why the citizen should conduct herself according to particular politico-ethical norms of conduct. In this context, ‘Character’, self-restraint, industriousness and respectability can be said to characterise discipline as a rationality of rule, whilst the notion relating to the ‘the good of society’, and bonds of mutuality and social connectivity, were the features of mid twentieth century modes of governance. In contrast, neo-liberal political rationality privileges individuality, self-actualisation, authenticity, ‘the quest for a unique self’ (White and Hunt, 2000: 95) through integration in the neo-liberal market economy – both as worker and consumer.

Notwithstanding the accent on neo-liberal citizens governing themselves to realise their unique individuality, the choices those individuals make are in fact regulated – explicitly so in the name of the international competitiveness and the economic security of the community; implicitly in their inclusion in the moral or ethical citizenship community. And it is the activation strategies discussed in this thesis which regulate and govern these choices. Disciplinary and invitational activation strategies act in concert. In this respect disciplinary strategies require particular forms of conduct from students, staff and institutions, whereas invitational strategies normalise or naturalise these norms of conduct. Taken together they configure both the subject’s ontological schemata and the world in which this self makes their/her ‘free’ choices.

The following discussion relates these theoretical considerations to the developments in higher education discussed in this thesis drawing particularly on the material presented in Chapters Three, Four and Five. It considers the financing of higher education, research policy, the governance of higher education, and the role of lifelong learning and the work they accomplish as activation strategies.
Reflections on the Activation Strategies in Higher Education

The Financing of Higher Education

In Australia and broadly across the OECD the steady shift away from the public finding of higher education towards a mix of public and private funding sources – principal among these student fees, both domestic and international – has had far reaching consequences. Fees change students from learners to clients, or consumers of education services. Thus the relationship between students and their institutions, students and academics becomes principally economic and further, a contractual relationship that is organised around economic relations. This is the case for both domestic and international students, but particularly so for international students who pay fees on a full cost recovery basis. As fees rise – as they did in Australia particularly with the election of the Howard government - the economic dimensions of the relationship between students and their institutions, between students and academics becomes increasingly entrenched and normalised.

The decline in student support and the increasingly restricted access to these support payments – consistent with policies not only of active economic participation but also fiscal relief - has mean that more students are effectively obliged to enter the labour market7 – with most students becoming part of the low paid, part-time, casual or itinerant work force. This contributes to their understanding of education as an economic behaviour – as preparation for the labour market after the completion of their formal education and training, that is, after they have completed their qualifications. Moreover, it reinforces that education and training – a credential – is prudential for it protects them from permanently becoming a member of the low paid, part-time, casual or itinerant work force which they are experiencing as students. Financial policies such as these are effectively disciplinary activation strategies, that is to say, disciplinary policies.

The discursive context in which students come to understand education – and their higher education studies and qualifications – contribute strongly to an economically instrumental interpretation. Policy language, the discussion of education – including
higher education – in the media, the language of higher education institutions especially their advertising and recruiting materials, all privilege an instrumental conceptualisation of education. With higher education qualifications positioned as a credential, a course of study becomes a career move, and an Honours degree is about improving your CV in order to ensure that you stand out from the field of applicants for desirable employment.

The declining contribution made by the state to higher education has also required that both staff and institutions become more entrepreneurial. The most significant manifestation of this is the marketing of education services to overseas students – both on-shore and off-shore. In addition to this, both staff and institutions have developed fee for service consultancy services (see Slaughter and Leslie, 1997: 197-199) and short courses targeted at industry, whilst funding for some teaching activities has become dependent on either philanthropic sources or industry partners – examples include sponsored chairs, or courses of study dependent on sponsorship. Of course such developments affect staff and disciplines differently. There has always been for example, an overtly economic (vocational) element to professional degrees such as law, the health professions (including medicine, nursing, veterinary science, physiotherapy and the other therapies). In contrast, for a discipline such as philosophy, the necessity to justify its existence in terms of national ‘relevance’ is a new development.

Just as the substantial level of fees required of students has disciplined them into an economically instrumental relationship to education, so too has the reduction in funding disciplined institutions. There have been few options other than developing alternative sources of funding – institutions have been subject to the discipline of the market. Over time, such forms of conduct, the necessity for courses of study to be relevant to business and industry, the presence and dependence of institutions upon fee paying students and the like, become for staff in particular, taken for granted realities – that is, normalised.
The differentiation of funding into specific competitive programs – such as quality monies, teaching awards, teaching and learning performance monies – similarly contributes to competitive and entrepreneurial behaviours. Whilst in such cases it is the institution or the individual being a entrepreneur of themselves, the behaviours are effectively those of selling a product or of competing for a prize. This form of competition is most developed in research funding.

*Research Policy:*

The funding of research – with its shift to programs of competitive grants for which academic staff must effectively ‘bid’ - has been particularly important in disciplining academic staff and institutions into more competitive and entrepreneurial practice. As Slaughter and Leslie make clear, universities as organisations are “prestige maximizers” and research success is the currency of that prestige (Slaughter and Leslie, 1997: 116). Similarly for individual academics, success in a competitive grants process not only provides for the research itself, but also builds the researcher’s reputation and ‘record of success’ – which are essential to an academic career. In earlier periods (and particularly in the second half of the twentieth century), research was a core activity of all university academics – certainly in Australia and generally across the Anglo-American world. However as research funding has become more targeted, selective and competitive, individual academic staff who aspire to be researchers, must become entrepreneurs of their work, entrepreneurs of themselves. There is no longer an assumption that all academics will undertake research – indeed, the new pattern of assumptions is that not all academics will carry out research - and in concert with the requirements of research assessment exercises and audits (both external and internal to institutions), higher education institutions are moving towards designating staff as research active and non-research active.

Whilst success in grant programs benefits the institution’s reputation – which is in turn important in advertising for undergraduate and post-graduate students domestically and internationally - grant success has significant repercussions for research infrastructure monies. Research assessment exercises and audits use success
in competitive grant rounds as a criterion of excellence so that competitive success brings rewards both financial and reputational to individual staff and to institutions.

Not all research is equal – or perhaps all research is equal but some is more equal than others. Through the criteria for grant success and the very nature of some grants themselves, that research which is assessed as worthy of funding is dominantly instrumental – and principally economically instrumental. It is incorporated into, re-configured, as innovation for success in the global knowledge economy\textsuperscript{10} – certainly discursively and demonstrably in most funding decisions (even if older traditions of basic research, research excellence and peer review ensure that on occasion research that is not clearly ‘relevant’ or of obvious economic benefit to the nation is rated highly\textsuperscript{11}).

Individual researchers and aspiring researchers are required to adopt these prevailing conceptualisations in order not only to achieve success or recognition in their field, but perhaps more importantly, in order to consider themselves to be fully professional academics within their discipline. For many academics, there is an intimate connection between the subjectivity of their sense of self as an academic or as a member of their discipline and their being research active – and effectively, this is employed to incorporate their work and practice into the project of research and innovation for national economic competitiveness. The subjectivity of an individual academic as an academic is hardly an explicit activation strategy – but such is their immersion in the discourses of economically instrumental research and innovation, that alternative modes of either being an academic or of simply being in the world become increasingly pale and insubstantial.

\textit{Governance – State /Higher Education Relations}

Steering at a distance is the dominant characteristic of higher education governance – affecting both state/higher education relations and internal institutional governance and decision making. Together with the managerialism and conditionalities of the new public management (NPM), it constitutes the clearest and least ambiguous
example of structuring the possible field of action of others in order to govern. Those who are governed include institutions, staff, researchers, and students. Steering at a distance can be considered therefore as an activation strategy *par excellence*.

Whilst there are abundant examples of government quite directly determining the activities and policies of institutions (and hence staff) – a marked Australian example being the strict conditionality of the industrial relations policies of the Howard government’s last term - steering at a distance and governance arrangements structured by NPM principles effectively ensure that institutions are governed through the choice and agency of the institutions themselves, or at least their managements. Under current arrangements, although individual institutions are quasi-autonomous, their priorities, their strategic directions and even the conduct of much of their day to day operational activities are direct responses to the state’s activation strategies. Various forms of retrospective accountability such as quality audits, external performance assessments, research assessment exercises, graduate satisfaction and graduate destination surveys incite institutions – and their staff – to conduct themselves according to the policies and priorities of the government of the day. Conditionalities of funding manifest in contractual relations determined through negotiated agreements (such as profiling) limit the possibilities of institutions transgressing the boundaries constituted by national research priorities and superordinate national objectives of human capital and innovation for national economic competitiveness. At the same time, the constraints of funding conditionality provide a further incentive for individual institutions to become entrepreneurial and generate funds from alternative sources in order to become more independent of government. In a sense therefore, whilst conditionality operates in disciplinary fashion requiring that institutions conform to the provisions of their negotiated profiles, it also acts more subtly to create more entrepreneurial individualistic and competitive institutions selling themselves, their expertise and innovative capacities out in the market place.
Just as the state must quite strictly discipline institutions to ensure that perverse incentives and forms of organisation and conduct are eliminated (more realistically minimised), so too the internal managerialist governance of institutions attempts to regulate individual academic staff members in order to minimise the perversities of alternative forms of academic practice which do not privilege the market or innovation for economic competitiveness. Individual institutions make use of comparable systems of monitoring, audit and accountability to those which characterise the relationship between the state and higher education institutions. (Marginson and Considine provide a summary of the managerialist practices of modern Australian higher education institutions - see Marginson and Considine, (2000: 4).)

The incorporation of higher education institutions into the national project of market competitiveness requires that those with appropriate expertise – representatives of business and industry, the economy – must be intimately concerned with the governance of institutions. Consistent with neo-liberal principles that the institutions and practices of society should be reconstructed according to market principles (see Chapter Two and Cerny 2004) the governing bodies of higher education institutions are increasingly populated by those with such ‘relevant expertise’. It would indeed be both ‘perverse’ and precarious if those governing higher education institutions were not conversant with market experience, market understanding, market expertise.

In spite of the realities of conditional funding, stringent accountability mechanisms and the other instruments of steering, the discourses of institutional autonomy and the freedom of institutions to chart their own course are both powerful and seductive. Institutional autonomy and freedom promises to both institutions and staff the possibility of becoming distinctive, unique, authentic. Effectively this promises - in institutional terms - the personality and self-actualisation characteristic of the neo-liberal citizen (see White and Hunt, 2000). However, whilst policy documents exhort diversity and encourage institutions to become unique, it has been
demonstrated that only a decade or so after the Dawkins reforms, there are both remarkable commonalities between Australian universities, and remarkable levels of convergence and isomorphism - that is, imitating behaviour and mimicking (Marginson and Considine, 2000: 176) - resulting in, if not a single form of higher education, or model of institution or university, but certainly a limited number of templates. The OECD thematic review of higher education similarly demonstrates remarkable parallels between systems internationally and between institutions within systems.

The governing of students, the governing of institutions by the state and in turn the governing of staff indirectly by the state and directly by institutions is effected by the intersection of disciplinary activation strategies such as funding, the contractual conditionalities of profiles, and a range of forms of retrospective accountability, together with discursive activation strategies such as the empowerment and authenticity of self actualisation through individual choice – principally students and staff but also in a sense, institutions also.

_Lifelong Learning_

Lifelong learning and its promises of security and self actualisation through economic activity is a powerful activation strategy. It is both prudential and self actualising promising to the individual security against unemployment in an uncertain world, and redolent of possibilities of fulfilment, self actualisation, personality and authenticity. However, lifelong learning is Janus faced in that it is both an opportunity and a life sentence. Whilst it may well provide the individual with access to education and training throughout life (and hence perhaps, protection against vulnerability and want in the uncertain world of the globalised economy) there is also either implicit or explicit, the obligation, or requirement, for citizens to engage in retraining or re-skilling throughout their working lives.

In spite of the OECD’s acknowledgement of the civic participation, lifelong learning – education and training - is in fact directed principally towards the labour market
Lifelong learning is certainly about self-development - however, that development is principally in terms of the labour market. Effectively, the emancipatory or liberatory humanist language of lifelong learning has been co-opted by post-fordist ‘responses’ to the neo-liberal discourses of globalisation. Although social inclusion and active citizenship constitute part of the language of lifelong learning, they are to be realised via individualistic contractual market relations, for the learning society is a stakeholder society, where partnership rather than reciprocity forms the basis of social relations.

The higher education policies described in the dissertation together with the policies of lifelong learning are directed towards developing forms of conduct which privilege active market participation together with an economic subjectivity in individuals similarly oriented toward active market participation. It is such subjectivities of the self and the associated politico-ethical norms of conduct which, more broadly, constitute the terms and conditions of modern neo-liberal citizenship.

**Citizenship**

Earlier in this thesis it was argued that rather than an ontological status, citizenship is best understood as a practice – that is to say it is performative. Citizenship as practice is organised by norms or standards of conduct. The qualities and conduct deemed desirable in the citizen are unique to particular political rationalities of rule – in Foucault’s terms, the particular politico-ethical norms of conduct are structured by the dominant political rationality of the culture and the period. All liberal political rationalities require and develop particular ethical constructions of the self, particular ethical constructions of the self as citizen. Thus the virtuous and self-disciplined citizen of the nineteenth century, the citizens of the mid twentieth century welfare state, and the self-actualising citizen of neo-liberalism each observe and exercise differing politico-ethical norms of conduct. It is the subjectivities of the self and the associated politico-ethical norms of conduct of each of these governmental regimes which constitute the changing conditions of citizenship.
In Chapter Six I described citizenship as an ethical community. It is these appropriate and virtuous patterns of living and modes of being that constitute the terms and conditions of citizenship with the prevailing politico-ethical norms of conduct constituting the criteria for inclusion and belonging. Inclusion here is less the ‘mere’ objective status of formal citizenship; rather, it is the subjectivity of full and equal membership of the social and ethical community. And here higher education is imbricated with a suite of policies and programs that help realise the principal criterion for understanding oneself as a good and virtuous citizen, and for being recognised as a good and virtuous citizen in the neo-liberal world.

The virtuous citizen of neo-liberalism is a self regarding, enterprising and self oriented (as opposed to 'other' oriented) individual. She demonstrates both prudential risk management and reflexivity. Whereas in the late nineteenth century, the imaginary of the nation was threatened by moral decay, late twentieth century narratives of national peril arising from globalisation and declining market competitiveness are of economic ‘decay’ and potential decline. The virtuous citizen must act therefore to prepare herself to withstand the threats of economic uncertainty and insecurity arising from of globalisation. Self actualisation through the market links the extrinsic exhortations to manage or ward off risk, and the reflexivity of the intrinsic care or construction of the unique self for the subjectivity of inclusion in the ethical community.

This project of self-realisation is contingent upon adhering to discursively constructed politico-ethical norms of conduct and being. In the neo-liberal world, one’s potential individuality, personality and authenticity are realised through the politico-ethical norms of integration into the market economy and consumerism; these may take the form of active labour market participation, or of investing in one’s own human capital through education and training, through skilling and credentialling in order to maximise one’s capacity for successful labour market participation. Given the ever changing global knowledge economy this prudential education, training, skilling and credentialling must similarly be continual. The
norms which the active and virtuous citizen should observe are of lifelong risk management – that is training and re-training, skilling and re-skilling, credentialing and re-credentialling. That is, the citizen must become a lifelong learner, a learning citizen.

*Neo-liberal citizenship – a form of contractualism*

... there is ... the emergence of a new regime of government – an overall shift in the nature of liberalism, the development and implementation of a new formula or (sic) rule ... the growth of a generalised commitment to the development of contractual relationships.

(Hindess – 1997: 22)

The ‘new formula’ which Hindess talks of - and the development of contractual relations - lies at the heart of neo-liberal civic /governmental relations. The very essence of the NPM is contractual – in its outsourcing to not-for-profit organisations (such as charitable organisations) and others of the ‘delivery’ of services formerly provided by the state; in its employment policies (particularly at senior levels employment is not permanent but contractual); in its competitive tendering. Higher education governance is similarly dominated by a range of contractual and neo-contractual relations – for example, profiles and negotiated agreements, and the range of conditionalities attached to funding sources, grants and allowances. With the terms and conditionalities of these contracts organised around market or quasi-market principles, accountability becomes fiscal rather than social, political or democratic.

The relationship between individuals and the state is similarly contractual. MacDermott (2008: 110) argues that the “contract model is becoming an organising principle for public life”. She quotes Davis and Rhodes:

The central motif of the contract has extended beyond organising and managing the public sector to embrace the link between government and citizens .... What was once a political association now takes on an implied contractual form. Electors become clients, their rights and expectations encapsulated in a ‘Citizens Charter’ or, in some Australian states, a ‘guarantee of service’. This contract binds the state to produce
certain levels of services, and specifies penalties for failure to comply. The principal and agent model, in which mutual obligations are spelled out in writing, becomes an organising principle for public life. 

(MacDermott, 2008: 110)

The relationship between the state and the individual constitutes the terms and conditions of citizenship. In the neo-liberal state then, the bonds of citizenship are contractual. This means that the relationship between state and citizen is conditional and individualistic – constituting in discursive terms, an *exchange* between the parties. So whether it be a ‘guarantee of service’ or an activity test, it is direct and transactional rather than distanciated and reciprocal. This is in contrast to the collective social exchanges epitomised by the best ideals of the welfare state. Such exchanges are characterised more by reciprocity – that is to say, the ‘exchanges’ involve cycles or distanciated networks of giving and receiving. So for example, redistributionist policies distance the donor (the citizen as taxpayer) and the recipient (the citizen as beneficiary). Also, the relationship and obligation are social rather than economic, and collective rather than individualistic. (Titmuss’ altruistic “gift relationship” (1997) is a most fully realised version of this collective and social exchange relationship.)

In the welfare state citizenship *status* constituted entitlement to benefits – and benefits in the sense not only of welfare payments but also

> the right to share to the full the social heritage and to live the life of a civilized being according to the standards prevailing in society. 

(Marshall. 1964: 72)

Labour market participation was certainly an assumption of mid-twentieth century conceptions of citizenship – particularly for men – and formed the basis of policies of national insurance and social security, such as those of the UK and the US13 (see also Turner, 2009: 70). However benefits were not explicitly conditional upon beneficiaries meeting an additional set of conditions over and above the work test; rather, consistent with redistributionist principles, the formal conditionalities attached to the receipt of welfare state benefit payments were essentially based on need with the limiting conditions attached to means testing14. However, under neo-
liberal forms of governance, both the focus and the form of conditionalities have been expanded to go beyond ‘mere’ financial capacity. In the interests of avoiding the moral risk of welfare dependence, prescribed ‘activity’ has become an additional and crucial condition. Thus the relationship between benefit and obligation is consequential rather than reciprocal, with conditionality, consequentiality and contract simply differing dimensions or perspectives on the same form of relationship. Under these conditions, citizenship as the subjectivity of belonging, as identification and recognition of the self as a valued member of the ethical community, effectively becomes conditional, with the promises of autonomy, independence, security, individuality, authenticity and personality conditional on prudential economic activity. Neo-liberalism constitutes citizenship as a form of (economically) contractual personhood.

**Conclusion**

Forms of economic participation have always necessarily been a desirable norm of conduct – prosperity is after all dependent on economic activity. What is different in the neo-liberal world is that economic participation in the market, together with an attendant competitive individualism is privileged to the extent that it constitutes the norm of conduct of the good and virtuous citizen. It is not so much that the discourses of the social with its attendant concerns for a collective public good, mutuality and reciprocity have disappeared; rather it is that both the polity (that is, the political) and society (that is the social) have been reconceptualised – discursively re-configured - as the economy, and in particular, as the capitalist market economy. Foucault argued that rationalities of power constitute our fundamental ontological schemata. In a neo-liberal universe, the polity is the economy, the society is the economy and the active participation of the citizen can be nothing other than economic participation in the capitalist market.

Some of the tensions and uncertainties surrounding these configurations are explored in the following chapter – the conclusion to this thesis. They emerge I
suggest from the paradox, or ‘fault line’ that underlies neo-liberal citizenship – namely, the fact that it rests not only on individualist or entrepreneurial relations, but also on inclusion in the ethical community, while its ‘freedoms’ – if they are to be effective – must in fact leave the citizen some scope for the autonomy promised by neo-liberal discourse.
ENDNOTES

1 For Bentham, security – which for him included liberty - was ‘the principal object’ of the state (Hindess, 1997: 20).

2 Yeatman (1990: 102), in describing the manner in which neo-liberalism has become the overarching policy framework, with the ‘imperative’ of globalisation framing policy, describes this coherent set of policy prescriptions and programmes as ‘metapolicy’, whilst Marginson (1993: xii) uses the term ‘metanarrative’.

3 Government is strongly gendered. The modes of governance – that is to say, the forms of agency and freedom – deemed appropriate for men and women differ. Women (and similarly indigenous peoples, and children) continued to be heavily policed well into the late twentieth century. The freedom of women, indigenous people and young people to govern themselves as free and autonomous individuals (that is as citizens) remains a precarious attainment.

4 Europe’s revolutionary upheavals of for example, the Year of Revolutions (1848), were seen by Britain’s middle classes as an internal rather than an external threat – the fear was that revolutionary and socialist ideas would ‘infect’ the working class and thereby undermine economic stability and social order. That 1848 was the year the Chartists petitioned Parliament was a further source of anxiety (see Nead, 1988: 110 – 114).

5 Indeed, the welfare state was in many respects paternalistic - and tended to infantilise women, the poor and powerless (Yeatman, 1994: 85 ).

6 The human capital discourse (CHAD) and the discourse of self actualisation (SAD) are introduced in Chapter Seven.

7 Callender (2008) describes both the growth and increasing significance to students’ income of term-time employment among undergraduates in Britain. She cites a number of sources which conclude that the rise in term-time employment can be attributed to changes in student funding regimes (Callender, 2008: 360).

8 An example of a sponsored chair would be Murdoch University’s City of Rockingham Chair of Education.

9 Prior to the Dawkins reforms, there was no automatic assumption of research activity on the part of academic staff in CAE’s incorporated in their institutions’ funding – that was reserved for universities.

10 That research is now but one part of a nation’s innovation system is most clearly demonstrated in research being the responsibility of an innovation and /or industry portfolio - as is the case in Australia - rather than the ministry or department of education.

11 However, even when this occurs it is still possible for a minister to veto such grants. In 2005, the then Australian Minister for Education, Science and Training Dr. Brendan Nelson declined to sign off on a number of grants which had been successful – that is deemed worthy of funding - by the peer review processes of the Australian Research Council.

12 MacDermott (2008: 109 – 121) discusses the outsourcing of public service in some detail using as examples the transformation of the Australian Commonwealth Employment Service (CES) into the Jobs Network and the outsourcing of immigration detention services by DIMIA (Department of Immigration and Ethnic Affairs).

13 In Australia old age pensions were not organised around the principle of insurance – rather they were means tested and paid directly from general government revenue; similarly unemployment benefits.

14 In the UK and Europe a ‘social insurance’ model operated in which payment of unemployment insurance while the individual was unemployed entitled them to benefits (irrespective of income). This was complemented by the means tested provision of national assistance paid to those whose insurance benefit had ‘run out’ or who did not qualify for national insurance.

In Australia, the model was not social insurance whereby individual workers paid national insurance ‘premiums’ – rather unemployment benefits were paid from general revenue and means tested.
Generation by generation universities serve to make students think. [...] to question interpretations that are given to them, to reduce the chaos of information to the order of an analytical argument. ... to seek out what is relevant to the resolution of a problem ... to identify problems for themselves and to resolve them by rational argument supported by evidence ... to seek the true meaning of things: to distinguish between the true and the merely seemingly true, to verify for themselves what is stable in that very unstable compound that often passes for knowledge. These are deeply personal, private goods, but they are also public goods. They are the qualities which every society needs in its citizens. That is even more the case in our European societies since our culture believes that fair and open societies, which can resolve legitimate competition between individuals and groups and harmonise legitimate differences, are only maintained by participatory democracy. It is universities that produce these citizens, or at least enough of them to leaven and lead society generation by generation.

(Boulton and Lucas, 2008: 9, para 30)

This thesis has argued that citizenship is currently being re-made, with a shift from a more social and political form to a more competitive and economically entrepreneurial mode. Competition and success in the neo-liberal globalised world both require and are contingent upon a new kind of citizen - one with a competitive entrepreneurial spirit, one who is an active economic agent. This is a form of active citizenship in which participation in the market rather than participation in the political is privileged. This means that citizenship is reconfigured around the axis of the economy and the citizen becomes an economic, rather than a political, subject. Neither politics nor democracy is society’s principal social choice mechanism; rather, the rationality of the market has become central, and the polity has been reconceptualised as the economy.

This new orthodoxy with its privileging of active economic participation establishes a very particular nexus between citizenship and higher education. Higher education has been incorporated into the national project of maximising international economic competitiveness with policy directed towards developing entrepreneurial practice on the part of institutions, staff and students. Universities become enterprise
universities, whilst staff and students are expected to exhibit entrepreneurial, market-oriented practice in the interests of competitive advantage in the knowledge economy. In instrumental terms, higher education provides the individual with the knowledge, the expertise, the credentials, the capacity to become an active participant in the economic domain – in other words, higher education is a source of human capital. Further and centrally, higher education contributes to forming the character and personality of the citizen. In this way, it provides the citizen not only with human capital but also an entrepreneurial and individualistic economic subjectivity.

Whereas the active citizens of traditional republicanism were to realise themselves as human beings through participation in the political, the twenty-first century neo-liberal citizen is to achieve her human realisation through various forms of economic activity – be that training, work or consumerism. Not only is such market participation redolent of the possibilities of and promises for success, security and fulfilment, it is also one’s duty as a citizen to contribute to the economic competitiveness of the national economy in the global or international market place. In such fashion modern forms of active citizenship transform the traditional discourse(s) of the rights and duties of citizenship from political participation or the defence of the nation (as right, obligation and privilege) to economic participation (as right, obligation and privilege).

The norms of inclusion, that is membership of the ethical community of citizenship, exclude as effectively as they include. Necessarily, when the active citizen is normatively constituted as an economic subject, those who are not ‘active’ in fulfilling their obligations to the citizenship community - that is to say, those who are not active in advancing the nation’s economic competitiveness in the globalised and globalising economy - are discursively excluded from the ethical community of citizenship. Whilst their legal status of citizen may remain unchanged, they are neither recognised as full and deserving members of the social community, nor as full, equal and deserving members of the ethical community. More importantly,
however, those who are not fully engaged in the economic life of the community are seen as denying themselves the opportunity to become fully human - insofar as active participation in the economic domain is positioned as a precondition for ‘real’ self actualisation.

The citizen who learns for life – that is the learning citizen – is a particular configuration of the active neo-liberal citizen. Whilst learning for life is not limited to education for economic participation, it is learning which privileges preparing oneself for economic participation. Moreover, it is not merely an initial education for later participation; rather, it is that the citizen must learn continually over the course of her life. She must constantly ensure that she is ‘job ready’, constantly respond to change, credentialling herself, re-credentialling herself, re-learning, re-training over the course of her life in order to be ready and able to participate in the economy. Discourses of globalisation establish that in a globalising world, the only constant is constant change, so that the citizen who is to contribute to the prosperity and stability of the nation must respond by constant learning, constant re-training, constant re-skilling, constantly re-orienting herself to the changing demands of the labour market.

Not only does neo-liberalism reconfigure the politico-ethical norms of citizenship around market principles, it also effectively reshapes the social contract. The social contract is a foundational principle of liberalism and the discourses of liberal democratic governance. It establishes the nature of the relationship between the state and its citizens and hence constitutes the terms and conditions of citizenship. Individuals enter into an association of government conditionally ceding their individual and inalienable sovereignty to the commonwealth in the interests of order, security and prosperity. However, they remain free – their individual sovereignty is inalienable – and traditionally, their freedom is expressed principally in political terms.
The neo-liberal state is effectively a contracting state (Harden in Ainley, 1998: 563) in which contractual relations organise social relations between citizens and between citizens and the state. The nature of the relationship represents a fundamental re-shaping of the contours of the social contract. In this ‘stakeholder society’ the basis of social inclusion is partnership, contribution and activity. Social inclusion is predicated on the citizen being “accountable for fulfilling the conditions of the contract” (Ainley, 1998: 567) which are mutual obligation, activity and contribution. The contractual obligations of the citizen are however, open ended – that is, lifelong. In the learning society, learning is for life - to learn, to re-skill, to retrain is an obligation that can never be fully met. The conditions of this unequal contract are such that it can never be concluded.

I argued in Chapter Eight that particular understandings of risk, the character of the state and the politico-ethical norms of citizenship were mutually constitutive. So too, are the nature of the state and the character and terms of the social contract. Neo-liberalism is a totalising discourse, in the sense that more than simply privileging the economic it reconstitutes the social and the polity as the economy. It colonises, incorporates and assimilates the social and the political. The changes wrought by neo-liberalism therefore reconfigure the freedom of the individual from determining the terms of their political association, to her freedom to engage via contractually organised economic relations, principally in terms of the market. In summary, the shift from welfare liberalism to neo-liberalism represents a shift from a more collective to an individualistic ethic, from positive to negative understandings of liberty and freedom, from cooperation to competition, and from the political and social to the economic.

My critique of neo-liberal citizenship is not that it considers economic activity to make a significant contribution to the peace, order, security and prosperity of the nation, of the society, of the community; rather, that it constitutes the whole of life as economic and instrumental. In a Habermasian sense, my critique is of the colonising of the life-world by instrumentally econometric discourses, or what Bröcklands (in
Simons 2006: 524) refers to as “the economisation of human life”. Simons makes that point that Bröcklands

… does not refer to the colonisation of the social by the economic (presupposing that the notions refer to two different domains), … [rather, he argues that] the distinction between the social and the economic becomes obsolete.

(Simons, 2006: 524)

At the period when liberal principles were first articulated, the notion of Smith’s invisible hand of the market was accompanied by a complementary ethical discourse of ‘moral sentiments’ (Smith, 2002) whilst at the same time all were children of God. That is to say, there was a moral or ethical community which was independent of the economic community. Under the disciplinary forms of rule characteristic of the nineteenth century all remained members of an ethical community - because all remained God's children. Even if they failed to conform to His standards of conduct and morality, they remained His children. Somewhat similarly, whilst the social community of the mid twentieth century was dominantly secular, for Marshall (1964) and others it was citizenship itself, the status of a rights bearing personhood, which provided the ethical basis of community. ‘Wrongdoers’ remained citizens, that is, they were still considered to belong and were entitled not only to the protection of the state but also to most of the rights associated with citizenship.

However today, in the neo-liberal universe of the twenty-first century, we are no longer God’s children and our citizenship, that is, our membership of the ethical community becomes dependent on our economic activity and contribution alone. Our ethical standing is performative. Whereas, as sketched above, under disciplinary and social rationalities there were counterbalancing or parallel forms of ethical personhood - as children of God or as citizens - under neo-liberal regimes there is no such parallel or alternative source of ethical community. Neo-liberalism therefore has a very particular singularity and totalising character. Certainly, there are discourses of ethical personhood alternative to economic participation – such as human rights (which in a sense have replaced our ethical status as God’s children) of social justice, and of environmental or ecological justice. However none of these appear to have discursive authority comparable to that of neo-liberalism.
My analysis and discussion to date may seem to imply that there is an inevitability and inexorability about the governing of citizens, about the reconfiguration of citizenship to a more economic and individualistic entrepreneurial mode. However, this is neither the intent nor the case. Certainly neo-liberalism and its discourse of free markets as the primary social decision making mechanism is, and remains, powerful and authoritative. Despite the economic upheavals of the Global Financial Crisis (GFC) of 2008 and 2009, international competitiveness in the globalised economy remains the central goal of national governments\(^1\) – if anything, the economic imperative seems to have become even more significant, with national governments concerned to ensure the survival of their economies. However, the infallibility of the market and the unchallenged centrality of individualistic entrepreneurialism have certainly been shaken (see Gamble, 2009: 146 & 147). In addition, the massive intervention of governments around the world in order to ‘bail out’ capitalism and avert social catastrophe comparable to that of the Depression has legitimated the role of the state acting in the collective good. In other words, the neo-liberal settlement may be less secure than formerly (Gamble, 2009: 118). This has implications for neo-liberalism as policy meta-narrative and hence for policy - in higher education, in education and training more broadly and across all policy domains.

At this point also, it is very important to reiterate a point made earlier in this dissertation: namely, that government, and particularly governing through freedom can never be assured - it is not and cannot be deterministic. It is always and inevitably precarious and uncertain. Alternative possibilities for agency on the part of the governed are always possible. Whilst governments – the state - may attempt to govern citizens to become economically active and prudential, there is no guarantee of success. Similarly, whilst governments – the state - may attempt to govern higher education institutions, their staff and students into economically entrepreneurial practice, there is no guarantee of success.
This dissertation is premised upon higher education as a key site of citizenship formation. In modern twenty-first century societies when increasing numbers of young people are completing secondary studies and moving on to tertiary studies, when increasing numbers of mature aged students are either entering tertiary study for the first time or returning to higher education, the role of higher education in constructing neo-liberal economic subjects, the role of higher education in governing citizens into forms of conduct commensurate with neo-liberal principles – or an alternative political rationality - will become increasingly important. Therefore the future of the university – the future character, priorities and practices of higher education – is crucial to the future potential trajectories of citizenship.

So if the future character practices and priorities of higher education and the university matter, what then is the future of “the university”? Firstly, that “the university” is not singular should be recognised; rather, there is a diversity of institutional forms, and a plurality of expressions of higher education / tertiary education. In some systems this diversity is represented by differences between public and private institutions, or by formal differentiation for example, between comprehensive universities and science based institutes and the like. In other systems there is less formal differentiation – rather there is a hierarchy of status based as much upon age, reputation, and wealth or endowment (which are often correlated) the range of courses offered, the ‘quality’ of enrolling students and other culturally specific criteria. Whatever the form of the plurality, the idea of the university is questionable.

However, whilst acknowledging this diversity, the material presented in Chapters Three, Four and Five does demonstrate remarkable convergences and similarities in the practices and governance of institutions and higher education systems across the OECD – and beyond. It is therefore possible to sketch some possibilities as to future developments in the practices and governance of institutions and higher education systems, in the social role of universities and higher education systems: potential realities both dystopian and utopian.
In the conclusion to their book, Marginson and Considine (2000: 233-253) enumerated the central characteristics of the Australian Enterprise University and, whilst their analysis was based upon research they undertook in the mid 1990s, the trends they identified have been maintained and their conclusions remain valid (particularly as the recommendations they put forward have not been acted upon). In addition, developments since that time, as reviewed in this dissertation, would suggest that the features of higher education policy and practice they describe have if anything, been exacerbated. Their analysis therefore, provides a basis for sketching a dystopian vision of the future of higher education.

They see higher education under neo-liberalism operating “as a market game” with the significant traits of its governance characterised by:

... a more emphatic executive leadership ... executive strategies that are prone to isomorphism ... the sidelining or co-option of collegial structures ... the declining salience of the academic disciplines ... enhanced flexibility and continuous re-engineering.

(Marginson and Considine, 2000: 234)

Later (241 – 244), they describe the limitations of the new model of higher education. They believe that “its leaders are too detached from what they lead” and that “the Enterprise University works around and against academic cultures rather than through them ... [and that] the academic disciplines are seen as an obstacle to reform ... to be deconstructed or displaced.” The view they describe with its perception of academic cultures as an “obstacle to reform”, very much corresponds to the concern of policy documents including West (1998) and also Kemp’s cabinet submission of 1999 (Kemp, 1999a) which decry the perversity of collegiality and other aspects of academic culture.

Perhaps of greatest concern is that “the social ethic of the Enterprise University has ... been endangered ... and [that] the goal is not the fulfilment of a range of social economic and cultural purposes; it is serving its corporate self as an end in itself.” (emphasis added). Finally,
the Enterprise University is associated with an undermining of [institutional / university] identity, a narrow capacity for organisational innovation and a weaker capacity for educational innovation. … it faces a crisis of purpose.

(Marginson and Considine, 2000: 244 – emphasis added)

Marginson and Considine’s responses to addressing the crisis of purpose of higher education include “stimulating the academic heartland” - that is, more respect and substantive autonomy for academic practice and culture, which they envisage less as a return to traditional collegial practices and more as an “open and innovative … post traditional academic culture” (Marginson and Considine, 2000: 249). Implicit in this is a practice of governance that acknowledges the value and worth of academic practice as complex and more than an instrumental means to commercially marketable ends or the development of human capital.

They conclude that

… a national (and global) higher education system modelled as a market game is narrowing rather than broadening …. To blunder on blindly with this form of university organisation would be inexcusable.

(Marginson and Considine, 2000: 252 – emphasis added)

And yet we have – at least so far as official policy is concerned. Hence a distinctly dystopian/bleak future is feasible and certainly possible. In this future, two possible university types emerge. One form of university becomes even more closely tied to the state - its servant, serving national economic goals through the development of both human capital and instrumentally oriented research directed towards commercially marketable innovation. It is merely a provider of education and training services according to priorities and desiderata determined elsewhere. The other is a corporate body – an end in itself, a corporation whose functions include the granting of degrees with a cultural content “but whose overall nature is corporate rather than cultural” (Reading, quoted in Marginson and Considine, 2000: 41).

Whichever the form – and indeed, there are similarities between them - higher education becomes even more tightly linked to the needs of economic competitiveness in the globalised economy – even more instrumental, even more
relevant, even less *perverse*. Managerialism, corporate governance and contractual relations (rather than trust) become even more evident, whilst the distance widens between executive management and academic staff – or the ‘delivers of education services’ - be that dissociation intellectual, financial, or in terms of common social or cultural purpose. Students – the clients of the university - become even more instrumentally focused upon higher education as a means to financially rewarding employment, whilst lifelong learning becomes merely the accumulation of a string of credentials and post-nominals. Higher education becomes principally a private rather than a public good.

This dystopia is consistent with the conditions of the wider society and the polity economised beyond some threshold, some tipping point ... such that we experience the final *terror* (Simons, 2006: 524) of the comprehensive “economisation of human life”.

And a utopian vision of “the university”? This should not be seen as some restoration of an idealised university from a past golden age, where disinterested scholars searched for truth and the meaning of life, whilst providing enlightenment to their students. In such accounts, Newman’s idea of a University is often quoted (for example Gilbert, 2001) or presented as an ideal. Whilst acknowledging the importance of Newman, his contemporaries, his antecedents and his descendents, it is important to remember that there are many characteristics and features of the elitist universities of the past which we should not wish to reclaim. A few examples should suffice - the nineteenth century and early twentieth century universities which excluded women; universities which discriminated against individuals on the basis of religion (for example, the nineteenth century English universities’ exclusion of non-Anglicans); universities which discriminated against individuals on the basis of race; and until the latter decades of the twentieth century, the effective exclusion of most citizens of poorer socio-economic backgrounds. In settler societies such as Australia, there is a continuing poor representation of indigenous peoples in institutions of higher learning. In addition, at the beginning of the twenty-first
century when there are challenges to the very notion of stable and enduring truths, the telos of the university as the disinterested search for absolute truths and the meaning of life may seem almost quaint and naïve.

Rejecting such a return to a mythological golden age requires an alternative utopianism – one which aspires to democratic institutions where not only access, but employment, and teaching and research practices are characterised by trust\(^2\), integrity, diversity, respect for human rights and a commitment to the individual personhood of each member of the university community. Such institutions would be intellectually pluralistic and diverse – characterised by dis-sensus rather than consensus - innovative and sustainable, reflecting and advancing the ecological, social, economic, cultural and democratic sustainability of society. They would be cosmopolitan, globally engaged in the interests of human rights, social justice, environmental justice and the like. They would be characterised by intellectual rigour and engaged with the compelling social, political, environmental, cultural and economic issues facing their communities – be those communities local, regional, national, global, human or non-human. And, they would be funded accordingly.

Most importantly such institutions would be sites of mutuality, respect and trust – respect and trust being essential if dissent, diversity and plurality are to be maintained, and disagreements are not to become disruptive or destructive. This mutual respect and trust would exist not only within the institution (within and between disciplines, and between staff be they academic, executive or general staff) but also between the institutions and their society. Hence, rather than audit and steering, such institutions would be characterised by enabling forms of governance both internal and external. And hence, they would be funded accordingly.

Comparable to Marginson and Considine’s *The Enterprise University* serving as a basis for my sketching a dystopian vision of the future of higher education, I shall use Jon Nixon’s *Towards the Virtuous University* (2008) as an example of a normative discussion of the future of higher education grounded in a utopian vision.
Utopianism explains Nixon “provides us with the interpersonal, institutional and social content of hope” (Nixon, 2008: 112, emphasis in the original). His work provides a dissenting voice to the dominance of neo-liberal instrumentalism and the economisation of human life, whilst maintaining the tradition of reflecting on the social, ethical, intellectual and educative significance of ‘the university’.

Nixon’s book is concerned with the relationship between education and democracy and constitutes an extended critique of the instrumentalism that under neo-liberalism, characterises both universities and social and political life. It provides a thoughtful and extended essay cum reflection on the ethical bases of academic practice and academic life. His concern for academic practice is not with academic staff solely, but all members of the academic community – encompassing therefore general staff, administrative staff, management and students.

A fundamental principle underlying Nixon’s discussion is that human beings are ends rather than means and that necessarily, the economy and economic prosperity are means to human ends. His second premise is that the present neo-liberal period in human experience demands a revitalisation of civil society and that it needs to be restored, extended and deepened. Nixon is referring to civil society not merely as that domain of social life which is neither the state nor the market, but to a type of society characterised by trust, respect, and ‘civility’, and also, to “an arena for public deliberation rational dialogue and the exercise of ‘active citizenship’ in pursuit of the common interest” (Edwards, 2004: viii). Nixon uses the term ‘civil society’ to stand for “a new emancipatory space – a civic space – between the two great fundamentalisms of the twentieth century: totalitarianism and individualism” (4). In effect, Nixon is calling for both the re-democratisation of both public life, and the re-democratisation of universities. Universities are not merely repositories or commodifiers of knowledge; rather he argues, universities are both a domain of civil society and a resource to build capacity for engaging in and through civil society. In other words, universities are key sites of civil society and civic engagement and their
role is to sustain the good society, that is, one characterised by freedom and justice (Nixon, 2008: 32).

For Nixon, it is not possible to differentiate between the role of the university and the academic practice of individuals, as they are mutually constitutive. Thus, consistent with his understanding of universities as sites of democratic practice and civic engagement, he argues that moral agency is central to academic practice and that academic practice should be purposeful and directed towards civic ideals and principles rather than economically instrumental ends. In this respect, he argues that in order to maintain universities as key sites of civil society (1-15) as places of learning (16-31) and as deliberative spaces (32- 46), academic practice must be characterised by and demonstrative of truthfulness (which is manifested through accuracy and sincerity) (47- 65), respect (which is constituted by attentiveness and honesty) (66-80), authenticity (which requires courage and compassion) (81- 94), and finally, magnanimitiy (constituted by the complementary virtues of autonomy and care) (95-110). Clearly, he is not arguing for a return to our collegial past with its hierarchies of power and its patriarchal social relations.

Whilst Nixon’s principal focus is academic practice, he also recognises the fundamental importance of the governance of higher education institutions – both external and internal. Thus his recommendations for higher education institutions becoming – or at least approaching - the virtuous universities of his title put governance (and hence funding) at the centre (129 – 145). He remarks that “Utopias don’t come cheap. We have to invest in the good society” (132). What is needed also are strong civic links together with public trust and confidence. These require strong academic leadership – but leadership and forms of governance which are directed towards the democratic and virtuous university rather than the economically instrumental university of our neo-liberal present. He maintains that such shifts are necessary for universities to fulfil their promises both to their societies and to their students – the promise to enable and expand human experience and human
creativity, to open students and the wider community to alternative futures and possibilities.

However, almost a decade into the twenty-first century, it is difficult to detect such shifts in Australia if the Bradley Review (2008) and the Cutler Report (2008) are indicative of future policy directions. Whilst the former acknowledges universities to be the “cornerstone of our legal, economic, social and cultural institutions” the principal role of higher education is conceptualised as “a major contributor to the development of a skilled workforce” lying “at the heart of Australia’s research and innovation system” (Bradley et al., 2008: xi). Its recommendations for widening participation – that is its social inclusion agenda – are framed as responding to the need “for more well-qualified people to anticipate and meet the demands of a rapidly moving global economy”, whilst the additional funds it recommends to support such students are necessary to ensure they “attain better qualifications in a more timely fashion” (Bradley et al., 2008: xi – xxv). This is higher education concerned with “tertiary skills provision” rather than an education for human flourishing. Similarly in both Bradley and the Cutler Report, research in the university /higher education sector is concerned with innovation. The Cutler Report - venturousaustralia: building strength in innovation (sic – the original title collapses ‘venturous’ and ‘australia’) - argues that “innovation pre-eminently determines our prosperity” (Cutler, 2008: vii) whilst

Competing on innovation and knowledge is decisive to successful business performance for firms and to sustainable prosperity for nations. (Cutler, 2008: x)

In other words, “innovation policy is a central aspect of economic policy” (Cutler, 2008: x). Further, to achieve such sustainable prosperity through innovation,

[high quality human capital is critical …. Equipping our people with the skills to innovate is essential, not only for the generation and application of new knowledge, but also to use and adapt the knowledge produced elsewhere.]

(Cutler, 2008: xi)

Whilst both Bradley and Cutler’s recommended funding increases are welcome and overdue, their uncritical econometric understanding of higher education is of deepest
concern. This economically instrumental understanding is assumed and unproblematic. Perhaps most telling is the claim (Cutler, 2008: 4) that

Increasing our knowledge and improving our skills is not just a foundation of our economic prosperity. It is also central to broader human goals and to the pursuit of happiness and satisfaction in our lives.

Here, human happiness is seen as derivative of national economic prosperity and in turn, prosperity is dependent on national economic competitiveness.

*Reality is more complex …*

Earlier in this conclusion I pointed to some of the reasons why the future of universities cannot be read in any deterministic fashion – the precarious character of ‘governing through freedom’, enduring traditions within universities themselves, and the uncertain import of the global economic crisis upon neo-liberalism itself. In this final section I wish to expand upon this by articulating some of the grounds upon which I believe that hope for a less economically rational university and higher education sector is not unrealistic. Like Nixon, my discussion is also prescriptive in nature in that it considers some of the things I believe we need to understand if we are to have grounds for hope. My starting point is that in spite of over two decades of such economically instrumental policies designed to bend higher education to the will of government, to reshape and re-form ‘the university’ in an economically instrumental mould, higher education – the university – remains (at least in part) remarkably resilient and *perverse*³. Although much of the character of academic practice and academic life have been transformed, traditions of the university as a place of disinterested scholarship, and ideals such as those articulated by Nixon have persisted and, I suggest, are likely to continue.

Higher education has its own cultures values and ethos. Also, the professional cultures of its constituent disciplines reside within, and contribute to its mores and as a whole. This gives strength to many of the *perverse* orientations and activities of students, staff and universities. There are many academic staff whose scholarly
interests and priorities challenge economic and other orthodoxies, and whilst researchers will continue to innovate and engage with what was in the past called ‘applied research’, they will also continue to engage in basic research, that is, interest driven research – not as the innovation discourses argue because at some time in the future this seemingly irrelevant knowledge may prove to have economic value, but because they are driven by the urge to understand, the imperative to know. And there will be students who will choose to study courses of seemingly limited economic value⁴. In effect, higher education - the university – is pluralistic and both instrumental and relevant, irrelevant and perverse

Most importantly, the university is a reflective and potentially reflexive institution – or at least there is an academic terrain or domain of intellectual inquiry and normative thinking as to the role, nature and meaning of higher education and the university. From the very beginnings of the modern university, academics and others, both inside and outside the formal academy have been engaged in debating and attempting to define the significance and role of the university – from Diderot and Kant in the eighteenth century to Mill and von Humboldt and Newman in the nineteenth century, and Dewey, Kerr and Habermas in the twentieth century among others (for example, Delanty, 2001 and Nixon, 2008). The attempt to control universities, and bend them towards economic priorities has intensified rather than shifted such discussion regarding the significance of the university and their role in modern democratic societies⁵. It is to be hoped, and can reasonably be expected, that such debate will persist. Issues such as the role of higher education in the formation of citizens, the nature of citizenship, higher education as a private or public good, the academic as a public intellectual or loyal critic, the character and purposes of lifelong learning and the like will continue to flourish (see for example Boulton and Lucas, 2008: paras 27, 28, 30, 59, 60, 62). At the same time higher education and the university will continue to investigate and examine compelling scientific and social issues such as climate change, the seemingly intractable politics of the middle east, the global financial crisis of 2008 and 2009, globalisation, genomics, disease, together with the infinite dimensions of human creativity be they literary, musical, electronic
or dimensions as yet un-invented. Indeed, the university and the academy would seem central to the task Gamble identifies in the conclusion to his discussion of the financial crisis:

The great dilemma of our time is how the world can be brought to co-operate to face these challenges [financial crisis, climate change and nuclear weapons] and begin to manage them. In shaking the foundations of the recent prosperity and the present system of governance of the globe, the financial crash and the global recession create an opportunity for some fundamental re-thinking of how we order our world, and what needs to be done to get a lasting recovery. [...] The outcomes lie with us .... Other species survive by adapting to their environment. The human species has done the same. But there is a difference. Increasing parts of the human environment have been created by the activity of the human species itself, and many of them are toxic. We face the daunting task of learning from this present crisis, and trying in the future to attempt something more different than we have ever attempted before.

(Gamble, 2009:167)

Finally, higher education has very particular roles. It is concerned not merely with knowledge; rather, its focus is higher order intellectual skills such as analysis, critical and creative thinking. As this thesis has demonstrated, the discourses of the knowledge economy require these of universities and higher education – not only in terms of human capital development but also for innovation and the development of new processes and products. However, such capacities also have the potential to develop a more critical and reflective – and potentially reflexive – subject. Attributes such as critical and creative thinking, social interaction, and understandings of ethics and social justice (listed by Murdoch University for example as among the generic skills its graduates are expected to attain) contribute to both an understanding of, and the practice of citizenship – even if not explicitly articulated as such. So, if higher education is indeed successful in supporting the development of such qualities in students – in citizens - then governing for economic participation alone becomes precarious. Paradoxically, the very intellectual skills needed for the more complex and innovative higher order aspects of the knowledge economy – analysis, critical and creative thinking – are those that may provide individuals with capacities to understand/think about the ways in which they are governed and perhaps resist particular forms of government. We are all governed and we always govern ourselves - both as citizens and as selves. Traditionally, universities and higher
education have provided individuals – citizens – with the capacities both to fit themselves for, and to reflect upon self-government. In spite of neo-liberal policies which valorise the market and economic priorities, alternative standpoints concerning the purposes of government, self-government, and alternative ways of governing of the self are on occasion explicit, but certainly immanent, in the teaching, research and community engagement practices of the twenty-first century university. The future of higher education and the future of the university will be the future that we make for ourselves - the future built through our exercise of freedom. It must be acknowledged however, that this future will, as I have indicated, largely depend on the future of neo-liberalism. The character, organisation and practices of higher education are historically and sociologically grounded – that is to say, they are ineluctably linked to their host societies - therefore the future of the university will depend as much upon the future of its host societies, and their dominant discursive forms. And realistically, its future will depend upon the form of globalisation we move to in the post global financial crisis world. For some, the financial crisis of 2008, 2009 and beyond is a sign of the end of neo-liberalism, the end of the valorisation of “the market” and the end of economic relations as the organising principle of society7 and hence higher education and the university. However, although it is too early to be definitive, I would suggest that rather than an immediate shift to a new social paradigm, we are more likely to experience a future in which neo-liberalism is restrained rather than discredited, and where it is the social market form of neo-liberalism rather than the laissez faire form that comes to prevail. In time, it may seem that the current period marks the beginnings of the breakdown of the neo-liberal settlement as we have come to know it. However, there is no inevitability of such an outcome – rather the future will result from the politics, the political debates and negotiations of the present (see also for example, Gamble 2009: 143). A new settlement – that is, a framework for policy and practice - will result, but that future settlement is ‘up for grabs’8 and will reflect the kind of politics in which we engage.
Ideally, this would be a politics informed by Arendt’s understanding of politics as moral agency directed towards human freedom, justice, reason, responsibility and virtue (Arendt, 1961: 146). If one of the principal task of democratic politics is working out how we are to live together in our communities of fate, which are themselves characterised by incommensurable and sometimes incomprehensible difference (Yeatman, 1996), then such a task requires respect for persons as ends in themselves, as ethical “entities in their own right” (Yeatman, 1996). This project - of co-existence - constitutes democratic citizenship as an inter-subjective relationship between human subjects, a relationship grounded in principles of human rights, social justice and the like. And the project of democratic citizenship requires not only open, honest and truthful human interaction and communication, but also learning to think independently – another of the themes of Arendt's work. Communication, truthfulness, dispositions towards alternative possibilities and forms of personhood, learning to think independently – in Arendt’s term “without banisters” (Nixon, 2008: 26) - are the very stuff of a university worthy of the name. It is this that constitutes the virtuous circle of the university/higher education and democratic citizenship.
ENDNOTES

1. “… the world economy that comes out of this crisis is going to be very different from the world economy that went into the crisis. Firstly, the world economy will be much more knowledge intensive as it comes out of the crisis, and secondly, it will be much more Asian centred. And to be able to compete in the new world economy that comes out of this crisis Australians need an understanding of Asian languages, Asian cultures because that will be very much the dynamic part of the economy that comes out of this crisis.” [Emphasis added] Professor Michael Wesley, Director of the Lowy Institute for International Policy (http://www.lowyinstitute.org/) speaking on ABC Radio National’s Saturday Extra program, Saturday 27 June, 2009. (http://www.abc.net.au/rr/saturdayextra/stories/2009/2608580.htm; http://mpegmedia.abc.net.au/rr/podcast/2009/06/sea_20090627_0825.mp3 Accessed Tuesday 30 June, 2009)

2 See William G Tierney’s Trust and the public good – examining the cultural conditions of academic work (Tierney, 2006) for an extended discussion of trust – not only within institutions but also between higher education and its societies. Tierney (2006: 192) argues that such trust is essential to healthy democracies so that:

… those of us in higher education have work to do at creating trust within and outside the organisation, with each other and our multiple publics, in order to build a more democratic society.

3 Although, as Tierney (2006) makes clear, there is a range of institutional cultures and orientations to the neoliberal agenda.

4 Certainly, decisions regarding their economic futures may well be a not insignificant element of students’ choices in university / higher education studies (see for example, Pick and Taylor, 2009). Realistically, there will be some form of balance between education for economic participation and education for self development - in areas other than the economic – and the nature of that balance will arguably, be unique to each individual.

5 The recent What are universities for? (Boulton and Lucas, 2008) is a case in point, as is Tierney (2006).

6 In terms of their teaching, most higher education institutions make claims regarding student outcomes. For example, the attributes of graduates of Murdoch University are to include the following generic skills – communication, critical and creative thinking, social interaction, independent and lifelong learning, understandings of ethics and social justice, global perspectives, interdisciplinary understandings, and an in-depth, professional knowledge of a field of study (See http://www.murdoch.edu.au/teach/studyat/attributes.html - Accessed, 6 February, 2009).

7 Andrew Gamble’s The spectre at the feast: capitalistic crisis and the politics of recession (2009) provides an overview and analysis of the origins and implication of the global financial crisis and subsequent recession. He considers a number of possible futures including the continuation of market fundamentalism, protectionism, a more regulatory liberalism, together with the appeal of cosmopolitan liberalism and the potential for the rise of anti-capitalism. He concludes that resolving the current crisis in a manner that will result in a positive future for humankind requires “… not just skill but political imagination” (Gamble, 2009: 166).

8 The term ‘up for grabs’ is Robertson’s (in Spybey, 1996: 13) and refers to the uncertain future of global institutions and the character of globalisation – in other words, it means that the future is very much what we as societies and citizens make it … that there is neither inevitability nor pre-determined outcomes … that it’s up to us. The term also communicates the necessity of active engagement and active contestation of the imperative of globalisation.
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