

HIGHER EDUCATION AND THE MARKET: FURTHER THOUGHTS AND REFLECTIONS

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In April 2005 I published a piece entitled “*Higher Education and the Market: Some Thoughts and Reflections*” (Brown, 2005). In it I looked at the challenges facing American higher education and at some of the responses, the aim being to see whether there might be any lessons for Britain. I have since read a number of books on marketisation as well as a recent edition of *Change* magazine devoted to the topic (Lyall and Sell, Longanecker, Blake, Twigg, Ehrenberg, Jacobs, Mitroff et al, Howard-Vital, 2006). In this further piece I want to recap on the challenges facing the two systems. I then want to rehearse the possible means of reconciling private and public purposes. Finally, I want to speculate about which system has the better chance of succeeding in this.¹

Before getting into the main argument two preliminary points need to be made.

First, the two systems are clearly not the same. The American system is not only much larger but also far more diverse as well as being much better funded.² It also has a much longer, and stronger, tradition of public accessibility as well as, paradoxically, a greater openness to market forces. Nevertheless it is suggested that the two systems have sufficient in common for it to be worthwhile to make comparisons between them.

I am also assuming that in both countries there continues to be benefit in having a higher education system as such. British eyes tend to be on the leading private American universities. But the great majority of American students study at public institutions that form parts of state systems with varying degrees of integration. Nevertheless in both America and Britain systems as such are under pressure, this being one of the consequences of the challenges both countries face.

The major challenges concern funding, accountability and widening participation. However as my previous piece argued, and as is confirmed by the things I have read more recently, the underlying challenge is to the public purposes of higher education or, to be quite precise, how (and indeed whether) the public and private purposes can be reconciled.

As good a statement of what those public purposes are can be found in the book by the late Frank Newman and colleagues in the Futures Project (“Newman”): preparing the population for participation in the workforce and civic life; providing widespread social mobility; supporting unfettered, evidence-based debate about social issues; and conducting wide-ranging and trustworthy research (Newman et al, 2004: 83-84).³

Newman suggests that to preserve these public purposes universities should enter into a compact with the state to meet the following societal needs:

- academic success for an ever expanding share of the population;
- university responsibility for efficient use of resources;

- university recognition that teaching and learning matter;
- preserving scholarship integrity;
- preparing students for tomorrow's democracy;
- deepening outreach and service.

These state-wide compacts should be accompanied by individual university agreements covering mission, procedural autonomy and accountability. A multiyear performance agreement should be worked out between each institution and the state. This would clearly define what the institution is held accountable for and how that accountability is periodically assessed.

Putting aside the fact that such a compact was also the "big idea" in the last national enquiry into UK higher education (Dearing), and even allowing for the non-enforceability of the compact, how likely is it that public universities, in either America or Britain, will be able to deliver this agenda given the increasingly strong political commitment to market forces as the preferred means of structuring higher education?

Let us start with widening access.

Academic Success and Widening Participation

It seems to be common ground that widening participation has either stalled or is even going backwards in both America and Britain. The causes are complex, but they include poor preparation for university (with minority students tending to study in weaker schools and colleges); financial barriers (in spite of the reintroduction of a limited system of grants in Britain); university culture (even without overt discrimination, most universities can seem very white, middle class sorts of places); and lack of the necessary social capital.⁴ Underlying these causes, of course, are increasing inequalities in income and wealth and the persistence of serious and widespread poverty in two of the richest countries on earth.⁵

Whilst institutions can and should do more about some of these things, particularly the poor success rates of minority students once they arrive, market forces seem unlikely to assist. The position is well summarised by Newman:

Information about college preparation, college admissions, and financial aid too often flows principally to middle-income and upper-income families. The intensifying competition for students with higher test scores, or students from wealthier families, has resulted in an increase in honors programs and honors colleges and increasing use of merit-based financial aid programs. At the very time that society needs more low-income people entering and exiting the gates of higher education, the market is, as currently structured, pushing colleges and universities in the opposite direction. Even those colleges and universities that typically are seen as open-door institutions have begun to shift their attention and their resources from low-income students and students of color to the more affluent and easy-to-educate students. (Newman et al, 2004: 166)

Resourcing

It would appear that American institutions are in somewhat different positions from those in Britain on both the macro and the micro dimensions of resourcing.

In Britain the longstanding decline in state funding for teaching has lately been halted (though there is a big investment backlog). Variable fees should reverse this trend although for how long remains to be seen.⁶ In America, by contrast, institutions' costs have been rising at a faster rate than state spending, inflation or real wages⁷. At the same time, American institutions have not (at least until very recently) been subject to the economising pressures, reinforced by quite sophisticated published data about costs and performance, which British universities have taken for granted for many years.

Importance of Teaching and Learning

Both in America and Britain there is ample evidence that, in Newman's nice phrase, "the increased importance of research has shifted the focus of faculty from their students to their disciplines". To quote Massy (2003: 19) "research became the coin of the realm, the best way to get one's ticket punched for institutions and professors alike". This has been reinforced by competitive grants for research (in America) and research performance assessment (in Britain). It has meant that in many institutions student learning takes second place to staff research, so that there is insufficient interest in improving student learning. This is in spite of the efforts that have been made in both Britain and America to raise the profile of university teaching and encourage innovation in teaching and assessment practices.

Scholarship Integrity

Newman's book contains a number of horror stories from America about how the integrity of university research and scholarship has been compromised or threatened either by the intervention of a commercial partner or by the university itself pursuing commercial goals (or both). For the moment at least British cases seem rarer, but no one can be complacent about the dangers to the university as a social enterprise if market forces intensify the pressure on both institutions and individuals to use their expertise to generate wealth.

Democracy and Service

The notion that service to society should be one of the core functions of universities has traditionally been a strong one in America, reflected in the concept of "service" as the third leg of university activity alongside teaching and scholarship, as indeed has the tradition of a liberal higher education. Community service activities appear to be on the increase according to figures released by Campus Compact.⁸ In the UK such activities are generally less well advanced. In spite of the recommendations of the Lambert Report (HM Treasury, 2003: 42), public resources to support third stream activities generally remain small in comparison to funding for research and teaching.⁹

What Is to Be Done?

Altogether it would seem that in both countries the chances of universities, and particularly public universities, succeeding in this agenda are mixed. How can things be improved? A possible reform agenda could look something like this:

- restate the public purposes (including the benefits of an integrated system) of higher education and the role of public institutions;
- tackle internal “abuses”;
- articulate the case for a strong state role in steering higher education;
- be prepared to concede some degree of institutional autonomy in return for greater government and public understanding and support.¹⁰

The rest of this paper sketches out a reform programme along these lines. It is fully compatible with the degree of marketisation (or privatisation) now occurring.

Restating and Reinvigorating the Public Purposes of Higher Education

As already noted, American higher education has a strong tradition of public service.¹¹ However whilst it is useful to highlight (and indeed extend) such work, the argument needs to go wider. We should remind everybody what it is that universities are uniquely able to do (the core of which is surely the creation and dissemination of knowledge for its own sake); what societal needs they thereby fulfil; and what would be lost to society if universities were unable to meet these needs or were seriously distracted from them (Palfreyman, 2006).

A further crucial point is that ultimately only public (or at least not for-profit) institutions can fulfil this agenda. Newman reports that whilst the leaders of the American for-profit institutions with whom the Project spoke endorsed the view of higher education taken there, they did not see it as their responsibility, other than developing the skills for successful job preparation. However Newman even sees dangers with traditional universities if they are “forced to be lean and mean” (p. 20) to compete with the new providers.

A related issue here is what might be termed “integration” or “coordination”. This has two aspects, internal and external.

One of the concerns that traditional providers in America have is that the new competitors, particularly the for-profits, will cherrypick the more “profitable” areas of study, leaving them with the financial “dogs”, which have hitherto been protected through cross-subsidy. This could lead to the unbundling of the curriculum and a reduction in the number or attractiveness of comprehensive institutions.

These concerns are understandable but three comments may be appropriate.

First, higher education is already structured very much in terms of subjects and courses rather than institutions; this indeed is one of the major limitations of institutional league tables (Brown, 2006b). Second, the unbundling of activities with different levels of financial viability is one of the things that markets do (cf the liberalisation of the financial securities markets). Third, higher education has to create, emphasise and demonstrate the benefits that arise from existing or potential linkages not only between courses in different subjects or through multi- or interdisciplinary programmes, but also between student learning, staff research

and scholarship and other activities. This last may be a tall order given the increasing specialisation of knowledge and the separation of funding and evaluation arrangements. But it is ultimately the only response higher education can make.

Similar issues arise in relation to external linkages: the extent to which the delivery of higher education's public purposes depends on some degree of integration or coordination between providers and their offerings. There are some interesting cross currents here as between America and Britain.

America of course has a significant number of private institutions, some not for profit, some for profit. Indeed it is the view of some of the contributors to the recent *Change* magazine that it is the existence of these for-profit providers, and their willingness and ability to raise their charges almost irrespective of demand, that is the root of the arms race phenomenon (the tendency for institutions to compete for prestige rather than satisfy students or research funders) (Winston, 2001). Britain by contrast has no significant private providers nor any immediate prospect of them.¹²

Another key difference is in the approach to coordination. Although it may be weakening now, historically American public institutions have shown a much greater awareness of the benefits of working, if not necessarily in partnership, then as part of a wider system. By contrast, in John Douglass's words:

HE in England is not so much a system as a group of independent institutions with little or any collective sense of their responsibilities...This has created a significant vacuum in HE policymaking at a time in which post-modern economies are increasingly dependent on robust HE systems. The result: Government and its ministers are the only entity with authority concerned with national HE needs of England.

(Douglass, 2005b: 1-2)

This has also meant, as John has pointed out, that American universities have been more effective than British ones at public lobbying.¹³ This greater awareness of their interdependence seems ironic given that there is also much greater competition in America. However we know from the corporate sector that the fact that two companies may be in competition with one another need not prevent them from collaborating as well. There is even a Quaker College saying that "collaboration is one of the most successful forms of competition". This is a message which is only just beginning to dawn on higher education, at least on this side of the pond.

Tackling Internal Abuses

One of the most telling comments in Newman's book is the statement that whilst society has focussed on how higher education can serve a wider range of purposes, particularly the creation of a highly skilled workforce, higher education itself has its focus elsewhere, namely how to raise institutional prestige. So at the very time when society needs a wider array of institutions to serve a more diverse set of students, particularly students from less advantaged groups, higher education is moving towards homogenisation and a focus on supposedly better students.

It is this mismatch in perspectives - also well captured in David Longanecker's *Change* piece - that is at the heart of the difficulties which American institutions are now facing. There are echoes of this in the pressure from leading British universities to be allowed to charge more than the £3,000 tuition fee to enable them to become "world class" institutions.

There would seem to be three sets of requirements that are common across both systems.

The first is to get a better balance between the different activities of universities, and particularly between research, on the one hand, and teaching and other activities, on the other. To be sure, this is easier said than done. But until some way of doing this can be found, institutions will stand guilty of the charge of preferring to serve their own interests rather than those of their various constituencies. Creating meaningful linkages between these various activities would (as already noted) be a good start.

The second is for higher education to be more transparent about itself, in particular about where staff activity and institutional investment go, and what they cost. Whilst it would appear that Britain is further ahead here - with a Government-sponsored exercise to track institutions' revenues and costs with a fair degree of sophistication - neither system is really open about, for example, cross-subsidisation, the long term effectiveness of programmes, or even who will actually teach and assess students.¹⁴

The third is to bring to bear on the various university activities the scholarly values and approaches that typify conventional research and scholarship at its best. Following Ernie Boyer, and as refined by Charles Glassick and Mary Huber, these include:

- having clear goals;
- making adequate preparation;
- using appropriate methods;
- achieving significant results;
- making effective presentation; and
- deploying reflective critique.

(Glassick et al, 1997)

To make these work however the academy will have to fundamentally change its approach to itself. As Pascarella comments:

the academy has the unfortunate tendency to apply scientific standards of evidence to every field of study except itself. (Pascarella, 2001).¹⁵

A Strong State Role

There is sometimes a tendency to think that as the scope of markets increases, the role of the state (as funder, regulator and consumer of higher education) should and will diminish. This is incorrect on a number of counts.

First, there is not necessarily an antithesis between the state and the market. So far from it being the case that if one diminishes in power the other grows, it is strongly arguable that, particularly through regulation, a strong state role enables

a strong market to flourish. Contrariwise markets cannot function if regulation is weak eg if suppliers are not certain they will be paid. This point is well established in a number of the articles on regulation in the book edited by Teixeira and colleagues (see for example Dill and Soo, in Teixeira et al, 2004).

Even if that were not true, the fact is that in both America and Britain the state will remain, directly or indirectly, responsible for a major (in Britain **the** major) share of funding for student education, taking teaching and student support together.¹⁶

But even if the state share of funding was much smaller than it is - it already varies a great deal by institution in both countries - there would still be a strong public interest in universities and what they do. With participation at present levels, not to mention higher education's economic role, it is simply fanciful to suppose that even if there were **no** state funding, there would be no state interest in higher education. The issue is not market versus state, but what kind of state role is needed to ensure that we get the benefits of market forces without too many of the detriments.

In my earlier piece I suggested that there were four particular things that the state would need to attend to if this objective were to be achieved:

- institutional diversity, linked to consumer choice and producer innovation;
- quality, at least in terms of minimum acceptable standards of provision;
- access and equity, as between different parts of the population;
- information.

In a more recent piece due to be published shortly in the *Higher Education Review* I simplified this to:

- regulation, to ensure that each institution is fulfilling minimum standards, and more generally to report on how successfully each institution is fulfilling its mission;
- development, to promote diversity, accessibility and efficiency, as well as quality.

I proposed that these functions should be discharged in Britain by a new Office for Higher Education (bringing together the functions of the plethora of current regulators) and by a new Higher Education Development Agency. The former would have the power to accredit institutions maintaining minimum standards, as well as reporting on quality more generally. The latter would fund institutions' teaching on the basis of multi-annual plans showing how they plan to contribute to the system-wide objectives of diversity, responsiveness and efficiency.

I claim no particular originality for these ideas, finding very similar ones in Massy (quoted by Teixeira et al 2004)¹⁷ and Newman et al (2004). Whether anyone will pick them up is a different matter.

Autonomy and Accountability

Newman notes that across most of the developed world institutions are gradually gaining greater autonomy as governments recognise that this is essential, or at least unavoidable, if universities are to become more efficient as well as more responsive to their various constituencies.

Leaving aside the question of whether this trend is as universal as it would appear - there is at least an argument for saying that in Britain we may be moving in the opposite direction¹⁸ - the real issue is whether the public interest indicates that there are or should be limits on institutional freedom of action.

We noticed earlier how, at least as far as public institutions are concerned, America has a much stronger tradition of collective action for certain purposes, a much greater recognition of mutual institutional interdependence. Although the details have varied from place to place this has gone alongside - has arguably been a reflection of - a much greater willingness on the part of the state to assign roles to institutions than has generally characterised government policy in Britain.¹⁹

It may be that some of these collectivist tendencies are beginning to break down under market pressure. This would be a pity because, as in the commercial world, market forces may actually require a greater degree of collaboration, and a pooling of sovereignty, than certainly we in Britain have usually been prepared to enter into. There is here, as so often in British higher education, a strong element of self-delusion. Vice-Chancellors worry about, and certainly go on about, government constraints on institutional choice and decision-making. But what autonomy does the market leave you with if you are forced to stop cross-subsidising educationally worthwhile courses or research to concentrate on those that the market seems to want, or if you have to distort internal salary differentials and resourcing in order to hang on to or recruit a star research professor and their team?

Conclusions

In this final section I want briefly to speculate about which system has a better chance of reconciling the public and private purposes of higher education, putting on one side the continuing discrepancy in relative levels of higher education prosperity.

America has the advantage of a stronger tradition of higher education serving public purposes and, at least amongst the public institutions, a stronger tradition of collective self-help. There is also, paradoxically, a stronger (or at least a clearer) link between quality and funding.²⁰ American higher education also appears to have a much greater awareness of the issues canvassed in this article and a greater degree of knowledge about itself: it cannot be a coincidence that most of the recent writing on this subject comes from the States.²¹ Finally, America has the advantage of a much more distributed system allowing for a much greater degree of variety and experimentation.

However America also has a number of significant disadvantages. Chief amongst them is the influence exerted by the large number of major private institutions (though it should be noted that they are largely concentrated in the North East).²² This is quite disproportionate (there are clear parallels with the English public schools where increases in prices have also run well ahead of increases in wages).

The irony of course is that whilst formally private, these universities and colleges actually receive public dollars (Dill, 2003) and are increasingly moving into the public institutions' territory.

Another American disadvantage, stemming from congressional decisions many years ago, is the fact that much of the funding for education comes via the student. Given the informational limitations that prevent higher education from ever being a real market (Brown, 2006a forthcoming) it is not obvious that the student is a wiser funder of institutions than the state. To quote Gordon Winston (1997) "the perfectly informed customer of economic theory is nowhere to be seen". Finally, there appears to be a continuing lack of serious interest in educational standards, or even in educational value added, amongst both institutions and staff (see Dill 2005). It is this which appears to underline the interest which the Federal Commission on the Future of Higher Education appears to be taking in testing college students (Field 2006b).

This lack of interest in outcomes cannot be said of British institutions. This may be one reason why a number of knowledgeable American writers have urged American institutions to consider adopting some of the methods of British (and indeed wider) quality assurance. Other British "advantages" include the high proportion of public funding of teaching, the fact that all institutions rely on the state for a significant proportion of their teaching funding, and the fact that the Government reserves the right to cap tuition. This makes the review of the cap in 2009 a crucial exercise if the Government wishes to retain influence over the missions or performance of the institutions currently gearing themselves up for the removal of the cap at the earliest opportunity.

However Britain has also suffered, far more than America, from some of the dysfunctional aspects of the "evaluative state" (Dill 1998, Neave 1988; Henkel 1991; Pollitt 1993; Kettl 1997; Neave 1998), not least amongst them the absurd Research Assessment Exercise.²³ Partly because of this, the service activities that are common in America are still relatively small beer over here. There is for example no equivalent to Campus Compact, nor would any British equivalent of Carnegie even think about creating a special category for service institutions or institutions that do an outstandingly good job for their students.

Britain also suffers from a lack of any serious cross-sector collaboration or representation. Universities UK, the main representative body, often acts, as with top up fees, as the Government's apologist and whipper in.²⁴ Finally, Britain lacks the serious attention being given to these issues by the sorts of people who recently contributed to *Change* magazine. In important respects indeed British higher education's awareness of itself, and even more its knowledge of its mores, leaves a great deal to be desired.

So how best to balance public and private interests in higher education? Here the work of Martinez and Richardson (2003) may be of interest.

Martinez and Richardson comment on the fact that whilst the term "market" is freely used in relation to higher education it is rarely defined (it might indeed be better to speak of "privatisation"). They see the HE market as consisting of three principal "subjects" - the state, the institutions and the consumer. It is the interaction between and within these groups that determines, together with wider factors such as demography, state economics and technological innovation, what the performance and outcomes of higher education will be.

They identify three kinds of market so defined:

- a) a balanced market, where influence between and among the three entities is distributed so that no one subject has a disproportionate share of that influence;
- b) market monopoly, where higher education has the preponderance due to the lack of competition between institutions, a high degree of institutional autonomy, and strong institutional control of information;
- c) a regulated market, where the state is preponderant and institutions are constrained by regulations that limit their capacity to exhibit autonomous behaviours.

The authors argue that a balanced market, as in New Jersey, is most likely to lead to consistent performance across multiple performance indicators. On this analysis it would appear that the British system will be more likely to be able to achieve a suitable trade-off between public and private interests. But you shouldn't bet on it.

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NOTES

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² According to the Organisation for Economic Cooperation and Development, in 2002 UK public and private spending on tertiary education as a proportion of GDP was, at 1.1%, well below the US figure of 2.6% (OECD, 2005).

³ Newman also highlights the need to "support development of high-quality elementary and secondary education through improved education of teachers and school leaders, alignment of curriculum and purpose with the schools, assistance with school reform, and improved research about education" (2004: 84). (Cf Finn 2006, Forster 2006, Hoover 2006, Jones 2006).

⁴ There are of course in America a number of historic Black universities and colleges.

⁵ This may be why, according to a report in *The Chronicle* on 21 April 2006, the Federal Commission on the Future of Higher Education has made increasing access to college for low income students and adults the top priority for its report (Field, 2006a).

⁶ The Government's projections assume only a very small, almost an arithmetical, increase in the real unit of funding. Moreover, these go only to 2007/8 and there are already voices warning that the public expenditure position after that is likely to be very difficult (cf Baty, 2005).

⁷ In his article in *Change* magazine David Longanecker (2006) sets out the conflicting perspectives about funding. He points out that increases in tuition have exceeded those necessary to make up the shortfall in state funding.

⁸ A five year Campus Compact Impact Summary, covering the years 1998-2003, shows a "consistent increase on virtually all measures of engagement". For example, Campus Compact membership was up by 40%, the total number of students involved in service had gone up to 1.7 million (a rise from 274,000), the average percentage of students involved in service had risen from 10% to 36%, and the number of faculty involved in service-learning was up by 51%. (Campus Compact, 2006).

⁹ In its response to the Lambert Report the Government announced that public support for knowledge transfer is likely to remain in the order of £110m per annum (HM Treasury, 2004: 42). This compares with £4.2bn per year being spent on teaching and £1.3bn being spent on research (HEFCE, 2006).

¹⁰ Cf Lyall and Sell in *Change*:

To avoid this, there needs to be a new agreed public policy, the elements of which should include agreed upon public purposes for higher education, a strategy for a sustainable level of public support per student, an alignment of tuition with financial aid policy, the necessary management of the flexibilities to compete in the market, accountability measures for both the state and its institutions, and agreements on how any productivity savings are to be shared. (2006: 13)

¹¹ This is well captured in a quote from Lars Follett (1913, on page 216 of Newman):
In no state of the Union are the relationships between the university and the people of the state so intimate and so mutually helpful as in Wisconsin. We believe that the purpose of the university is to serve the people, and every effort is made through correspondence courses, special courses, housekeepers' conferences, farmers' institutes, experimental stations and the like to bring every resident of the state under the broadening and inspiring influence of a faculty of trained men.

¹² According to reports in the THES (Sanders, 2005) following the introduction of the new rules on degree awarding powers, some private sector companies such as the College of Law and professional training company BPP have applied for UK degree awarding powers. If successful they could be enrolling students by September 2006. However, the University of Phoenix dismantled its UK operation in 2003 (Douglass, 2005a: 470).

¹³ This is also reflected in the respective national quality assurance arrangements where American universities have, just about, preserved genuine self-regulation (Alderman and Brown, 2005).

¹⁴ On this last, *The Chronicle* reported recently that only 40% of classes at the University of Pennsylvania were taught by tenure track faculty (Fogg, 2006). It is interesting that this was a freelance study compiled by a PhD student in English. If the academy does not know about these things, it is even more vulnerable to market forces than might have been supposed.

¹⁵ Many years ago Sir Eric Ashby drew attention to the paradox of the way in which many of us in higher education reach decisions about what we do:

All over the country these groups of scholars, who would not make a decision about the shape of a leaf or the derivation of a word or the author of a manuscript without painstakingly assembling the evidence, make decisions about admission policy, size of universities, staff-student ratios, content of courses and similar issues, based on dubious assumptions, scrappy data and mere hunch. (Ashby 1963, quoted in Elton 1992)

Some 40 years later Yorke and Longden come to similar conclusions in their study on league tables:

Pedagogic research - research into teaching and student learning - is curiously undervalued, as if researching one's own professional practice is in some way inferior to researching the professional practices of others (2005: 13).

¹⁶ Bahram Bekhradnia at the Higher Education Policy Institute has calculated that even after variable fees the Government will still be the main funder of tuition. Under the current arrangements the cost of higher education to the individual is about 8% of the total. This will increase to about 18.3% under the new arrangements, leaving the Government to pay for the remainder (Bekhradnia, 2005, personal communication to the author.) Sir Howard Newby has drawn attention to the huge state subsidy for student support in the form of subsidised interest rates on loans which goes largely to middle class students (Elliot Major, 2006). It is strongly arguable that if the Government were really serious about widening participation it would either replace loans by means tested grants or, at least, confine the interest rate subsidies to "poorer" students. As for America, Massy (2003: 63) quotes Gordon Winston to the effect that college students pay only a fraction of the cost of their education. Large student subsidies - paying two thirds of the cost at the average US college or university - are the central facts of the economics of higher education.

¹⁷ Massy (in Teixeira et al, 2004) proposes something called "performance-based steering":

allocate a small amount of funding based on a subjective evaluation of key elements of performance - and make the evaluations public. Experience shows that a few percentage points of annual appropriation can refocus universities on important public goals...without undermining their responsiveness to markets. The goals might include demonstrated technology-based productivity improvement, growth by substitution and adherence to mission. Most importantly, they might include investment in the provision of information about educational quality. Constructive dialogue on these issues would help align the university's objectives

with the public good, and the ensuing financial allocations and attendant publicity would underscore the seriousness of the exercise (Massy, 2004: 31).

¹⁸ In a classic study Berdahl (1959) argued that institutional autonomy exists where universities control five functions:

- the admission and examination of students;
- curricula;
- the appointment and tenure of academic staff;
- the allocation of income among different categories of expenditure;
- the final authority in determining the proper subjects of research.

Whilst this position has been protected there is no doubt that universities' activities are more closely supervised than previously.

¹⁹ To be fair, the British position has varied. The creation of the polytechnics is an example of such an attempt to assign roles, and it is conceivable that current government policies to concentrate research funding and liberalise teaching funding are covert attempts to create a cadre of so called "world class institutions".

²⁰ In America the withdrawal of institutional accreditation leads directly to the withdrawal of federal support for students at the institution concerned. In Britain a judgement of "no confidence" by the QAA could lead to an analogous outcome but so far no publicly funded institution has received such a judgement.

²¹ An important exception is the work of Simon Marginson. See for example Marginson in Teixeira et al, 2004, Marginson 1997.

²² According to Ward and Douglass (2006) the private institutions in New England and Pennsylvania enrol more students than does the public sector whereas in the American West, which has the most significant projected increases in population, some 85 to 90% of all students are enrolled in public institutions.

²³ This was written before the Chancellor of the Exchequer's recent announcement, in his budget statement, that the RAE would be replaced after, if not in, 2008 by a metrics-based approach (HM Treasury, 2006).

²⁴ UUK's reaction to the Chancellor's budget statement - that the universities would prefer to hang onto the RAE until something better turned up - is typical. There are times when the British universities, or at least their main representative body, remind one of the photograph in Picture Post during the Second World War showing thousands of Italian prisoners of war being guarded by a couple of British soldiers with a single rifle between them.