

Less State, More Market: University Reform in Canada and Abroad

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ABSTRACT

Political, economic, and social explanations of higher education reform, and the very definition of “reform,” are the main departure points of this volume. The introduction uses the examples of Canada, Austria, Germany, and Japan to show that in all these countries, reform has meant reduced state funding and control and increased reliance on market mechanisms, private sources of funding, and new forms of university governance and management.

RÉSUMÉ

Pour expliquer la réforme universitaire, les auteurs adoptent comme points de départ des analyses politique, économique, et sociologique. Se référant aux cas canadien, autrichien, allemand, et japonais, les recherches présentées démontrent à quel point la réforme dans tous ces pays envisage une subvention publique réduite, avec moins d'intervention étatique dans

les affaires universitaires, et une dépendance accrue des institutions de 2e et de 3e cycles sur les mécanismes d'un marché supposément libre, et sur de nouvelles sources privées de financement. En plus, on peut constater l'apparition de formes nouvelles de gouvernance et de management.

INTRODUCTION

To celebrate change, or to bemoan it, is quite a different thing from explaining it. *Petrified Campus: The Crisis in Canada's Universities* (Bercuson et al., 1997), *Zero Tolerance: Hot Button Politics in Canada's Universities* (Emberley, 1996), *Digital Diploma Mills: The Automation of Higher Education* (Noble, 1998), *Universities for Sale?* (Tudiver, 2001) and many more volumes have over the last few years sounded alarms. Nearly all are by university professors: where they offered rational argument, and not merely opinion or ideologically-tainted polemic, these works made use of methods drawn from one or more social sciences, and aimed to understand recent massive changes in higher education. Nearly all fell short of adequate explanation, mainly due to fondness for monocular perspectives, and because their arguments had either a narrow, causal form, or painted pictures in excessively broad, descriptive strokes.

The difficulty may be that the authors' research in some cases relied on historical or sociological or economic or other social-scientific methods, but was too narrowly rooted in just one or two disciplines. We think the question of university reform can be answered with the help of the social sciences—economics, administrative studies, political science, sociology, anthropology, and of course, recent history—*but* working in multidisciplinary frameworks.

To understand better the Canadian systems of higher education, it is useful to look over the fence. Comparative studies have the advantage that they point to, or even call for, reasonably specific bodies of evidence and argument. They give a sharp edge to studies of single country systems and to changes in them.

Consider just two features of higher education systems, finance and access. From the 1980s to the present, the burden of finance in OECD

countries has moved, however slowly, from the state to the private sector. That movement was visible in the imposition of tuition fees in countries where there had been none, of increased fees elsewhere, of the eager advent of private providers, sometimes for profit at new and unprecedented levels. Meanwhile, demand for university and college places was growing even more quickly than supply increased.

One important way to begin to understand these two developments is to *pair* them, to see them as the results of causal clusters. For example, if the rise of a new “market ideology” accounts for a widely-agreed decision to deregulate post-secondary education (PSE), the political scientist, the economist, and the historian will ask: how far was that ideology an explicit reason for accepting a demanding new regime of quality control and accountability? In the country studies we present here, it is possible to argue that ideological arguments were less important than one might think, at least in the explicit and overt terms we just laid out.

The German, Austrian, and Japanese cases suggest that reasons for moving far and fast in “market reforms” of PSE were partly contingent and peculiar to local conditions, even if these three nations borrowed from other countries. The borrowings included ideological vocabularies and political technique, economic justifications, and administrative solutions. But partly also, the studies suggest, these countries emulated a “world model,” that is, an arrangement highly differentiated (along vertical and horizontal axes), accessible, flexible, and mixed with regard to public and private provision and funding.

Forces and factors of change

“Reform” in PSE is as much the result of external factors and forces, as it is of the internal lives and histories of universities and colleges. Those external forces and factors are sometimes blatant, for example, the many reforms introduced or rather imposed by the victors of wars or by colonial masters. Examples are numerous, but in our case studies the case of Japan’s sweeping transformation of higher education after World War II is pertinent. The American occupation forces not only introduced baseball,

but also structural reform of higher education. Other factors of change are less obvious, more complicated in social and political senses, and not yet well understood.

Examples would include the cultural upheaval exemplified in *les événements de mai 1968* in France and the fear that student protest against an over-crowded, under-funded, and top-down system of governance might develop into a revolution; or the fiscal crises of the early 1980s, when it was borne in on observers that old ways of controlling and financing higher education must soon pass away. These, like so many challenges in the universities' environment, were not university-specific, but affected other public services provided by the Welfare State.

Let us add more examples: the increased mass of annually-produced scientific research and the speed with which it moves from the "pure," "curiosity-driven" stage to an "applied" stage; the increasing extent to which individual innovation and modern society rely on science- and technology-based research and development; and, broader still in its impact, the labour market demand for better qualified workers, and still more important, social demand for advanced education in a population that sees education as the most influential determiner of career opportunities and life chances.

More recent changes in the world economy are having a different and no less important effect: the elimination of many trade barriers and the globalization of markets, especially the General Agreement on Trade in Services (GATS), are making higher education a tradable commodity, opening national systems of post-secondary education to international competitors.

Partly in response to this competition and partly in search of funding from non-public sources to make up for cuts in public funding, universities increasingly engage in commercial activities, for example, by cooperating with industry in joint research, commercializing the results of academic research as "intellectual property" (that is, patents and copyrights), the "recruitment" of foreign students charged so-called "full-cost fees," and the "out-sourcing" of so-called "non-core" services, such as food, parking, travel, housing, and the renting out of university facilities for conferences,

film productions, or other commercial operations. And commercialization does not end there: continuing university education in North America which used to be a community service and thus a feature of the university's core mission, has become not only a "cost-recovery" activity, but also in many institutions a generator of revenues.

A consequence of the "hollowing-out" of the welfare state and the progress of the market is that the relationship between higher education and government is changing, in some countries, dramatically. Most obvious is change in Japan and in Austria, where public universities are being freed from tight government control and made legally autonomous corporations. Even in Germany, where Humboldt's concept of the modern research university was closely linked to, and had the primary purpose of serving the state, current reform initiatives aim at loosening the tight connection between government (ministries of higher education) and universities.

In countries with an Anglo Saxon tradition, the influence of government was less intensive as universities enjoyed a far greater degree of institutional autonomy. More recently, however, and in contrast to the Germanic countries and Japan, we see a move toward greater government control. Such control takes different forms, as for example, performance indicators to increase institutions' "accountability" (Bruneau & Savage, 2001), targeted "performance-based" funding, and imposed enrolment increases under the flag of productivity "improvement" (for an example from British Columbia see Schuetze and Day, 2000). Thus one might speak of a certain convergence of the two main models represented here by the five cases: first, the Canadian, built on the British tradition and strongly influenced by the American model of the public research university; and second, the Germanic-Japanese model in which the state has tight control over all university affairs, including budgeting, planning, staffing, and where institutional autonomy is extremely weak.

University "Reform"

Universities and colleges are, in most readily defined aspects, changing in form, function, and content—simultaneously on several fronts, at a rate

not seen since the appearance of the Humboldtian model of the early 19th century. Many of these changes are not the result of university “reforms,” that is, of policies explicitly designed to adjust the ways universities are organized, financed, managed, and controlled or held accountable. But many are, and such reform policies are the principal emphasis in the articles in this volume. The main themes to be found here include legal status and arrangements, structures of governance, programs of study and their delivery, and recruitment, status, and remuneration of personnel.

In the usual discourse of higher education policy, analysis emphasizes the “rational-purposive” model of policy-making, that is, the explicit articulation of intended action and behaviour in pursuit of a clearly stated objective. Yet, numerous policy studies show this is not a realistic way of thinking about policy formulation, let alone implementation (Trowler, 2002). In any case, we are not primarily interested in details of change itself, but rather in contextual factors and forces that cause governments to envision change, and in the factors that influence the purpose, direction, and design of intended changes.

Most such policies are manifest in policy documents such as Green and White papers, legislative acts, government proclamations, ministerial edicts, or announcements or pronouncements by politicians or key bureaucrats. But we are interested also in the ways reform policies have been arrived at. Here we work from two perspectives: the actors’ perspective and a structural perspective. From the former vintage point, policy change is the outcome of changing perceptions and preferences among the political actors, or of changing power constellation between actors with different preferences (as, for instance, in a change of government). From the structural perspective, policy change is normally conditioned by external developments and events that affect underlying norms and values, but may also be produced by the internal dynamics of political institutions (Bleiklie, 2002). Clearly, the two perspectives are not entirely distinct nor mutually exclusive and overlap, as illustrated in the five case studies of this Special Issue.

In talking of “government” as the principal change agent, there is a danger of overlooking that there are several governments, not just one great

governing agency, at the origin of university reforms. This is especially deserving of notice in countries where higher education is vested in regional, not national governments (as in Canada and Germany), even if the national government may have, as it does in Germany, an important role in setting the legal framework for provincial policies. Similarly in Canada, even if the federal government has no constitutional role in higher education, it always had a significant influence by adopting legislation in areas where it was constitutionally safe to do so—labour force training, research, industrial innovation, or financial assistance to students. The “power of the purse” conferred upon the federal government is a degree of influence not constitutionally foreseen, be it through federal-provincial agreements for shared-cost agreements, federal transfer payments for PSE, the three Research Councils funding university research, or, more recently, the Canadian Foundation of Innovation (major capital investment projects in universities), or the Canada Research Chair Program (creating 2,000 new research positions in universities).

But overall, federalism has produced different effects on university reform: in Canada, it has prevented sweeping reforms like those in the United Kingdom, Australia, or New Zealand (Cameron, 2002). In Germany, the combination of federal framework competence and provincial (Land) responsibility for higher education has led to (or permitted) significant reforms, albeit in different provincial models. By contrast, in Austria, a federal country where responsibility for higher education is vested in the federal government, reform has been uniform and sweeping, as it has been in Japan, the only country included here whose strong central government is without strong regional counterparts.

In some jurisdictions, there is a third level of “government,” whose impact is at times indirect, and at other times immediate and substantial. A prime case is the European Union, whose influence on higher education in member countries manifests itself ever more strongly (de Wit, 2003). The “Bologna process,” under which European countries agree to harmonize their higher education systems by restructuring and modularizing their study structures, is an example of the influence

of this third level of government.¹ No exactly comparable action has been taken by other regional international organizations, including the North American Free Trade Agreement (NAFTA). Still the World Trade Organization's General Agreement on Trades in Services, which makes "educational services" a globally tradable commodity in principle, might yet have major effects on national systems of higher education.

Towards a single "world model"—or, how do reforms "travel"?

University reforms are not, even if they appear to be country- or context-specific, isolated developments. Despite idiosyncratic features and practices, universities all over the world have models that come from "away," sometimes explicitly acknowledged and sometimes not. Most reforms in modern times are products of such "mimetic isomorphism" or emulation and "travel" from one jurisdiction to another by various means. Historically speaking, travel has not always been voluntary as models, structures, and traditions were imposed by an occupying country or by colonial powers. More recently, mimetic isomorphism occurs mainly through regional integration, as in the European Union (whose member countries have agreed to harmonize their systems according to common structures of study, in order to promote student and staff mobility across national boundaries). Outside the European Union, the harmonization of higher education systems is promoted and facilitated through the work of international organizations, especially the UNESCO and the OECD.

None of this need imply a "world model" of university governance to account for recent and on-going reforms in Germany, Austria, Japan, and Canada. But the detailed account of reforms in these countries does show a convergence of structures, forms of governance, financing patterns, and mechanisms of accountability and control. Considering the overall features of these elements, it is fair to say they have more Anglo-Saxon or North American features than traditional German, Austrian, or Japanese ones. In these countries, curricular arrangements will now distinguish undergraduate and graduate studies more sharply, with the

award of distinctive bachelor's and master's degrees. The introduction of governing boards or councils with members external to the universities follows the North American model. On the other hand, elements are being adopted in Canada that have a lengthy standing in Europe, especially the "applied" degrees that polytechnical colleges and *Fachhochschulen* have awarded for many years and which are now to be awarded by colleges and institutes in Ontario and British Columbia.

Although sequences differ, all five papers in this collection consider the transmission across time and national boundaries of a governance structure where management is a separate and permanent administrative service, where there is an American-style system of rank (including the possibility of sessional or casual employment, and a weakening of "tenure"), a strong Board of Governors and a correspondingly weak academic Senate, a modularized curriculum, rapid (and closely monitored) student throughput, and sustained activity to ensure a close and financially productive relation between the private sector and the university.

The higher education system in the countries under review has common traits, but many differences of emphasis and practice. In the following papers, emphasis is on persuasive accounts of national PSE systems, rather than on strictly comparative arguments across two or more countries. The question of a "world model" cannot be answered here on the basis of a few selected country case studies. It will be answerable, in the long run, mainly on the basis of systematic, single-country studies—understood in comparative and international terms.

From public domain to market reign

The cases presented here invite the reader to ask how desirable, popular, "public goods" such as post-secondary education have readily accommodated a significant incursion of private providers and public-private partnerships. We have the oddity of widespread agreement that PSE should soon become as universal as is secondary education, and elementary education before it—but with an equally widespread agreement that the means of assuring universality need not rest with the state alone.

The Japanese case shows how well, and over how long a period of time, a mixed public-private system has worked to deliver near-universal PSE. The Japanese government's belated (in comparison to the American and other Anglo-Saxon countries) attempt to encourage much more sustained links between university research establishments and industry, has not disturbed this fundamental arrangement.

All the cases presented here show that the themes of access and student choice are closely tied to matters of university funding, and funding in turn should be understood in its relations to university autonomy, and modes of accountability and control. As several authors have noted, there has been a trend in almost all countries towards more mixed modes of institutional funding which corresponds with a shift from input to output controls. In Europe this has meant a gradual shift from line-item budgets to block grant funding (Weiler, 2001), a system already well established in Canada. But even in Canada, although most public funding for universities is still based on enrolment formulas, Alberta and Ontario have started to base part (still a small part) of their funding on performance criteria (Eastman, 2003).

The new relationship between governments and universities manifests itself in other ways as well. The strengthening of university management and a concomitant weakening of the professoriate is common to the four countries, a development in contrast to the reforms in the 1960s that aimed at more decentralized, democratic, and participatory governance (Eastman, 2003). This new managerialism has introduced business management techniques to the university, in order to make universities more efficient, competitive, and commercial. This development shows to what extent reform has embraced business objectives and tools that are new to the academy, but also, as many writers would suggest, in conflict with the mandate and ethos of universities (Birnbaum, 2001).

In sum

On first reading, the five cases might suggest that higher education reform at the turn of the millennium is about politics—the rise of public-private partnerships, the appearance of systems for new and intrusive management of universities and colleges, and broad agreement that post-secondary education should be, very nearly, as universal as secondary and elementary schooling.

On second reading, the picture is more elusive and allusive. The rise and fall of demand, for instance, may have demographic causes and effects, just as much as they do political ones.

Meanwhile, the new managerialism in higher education may merely be an experiment in satisfying professorial and student demands. After all, both of these “client” groups want a responsive teaching-learning environment, and “new management theory” is friendly to that very objective. But as the five cases show, many governments do see the new managerialism as a necessary and honest admission that business practice, and the forces of the market, are the best guides for post-secondary education in all its aspects—to teaching, administration, research, and service. In the latter view, the client groups that ought to drive post-secondary education are to be found outside, in the “real” worlds of industry and marketing.

Historically speaking, there is a case that ideas and discovery have sometimes “driven” reform. The significance of the five cases presented here lies partly in the new ambiguity of reform. Ideas and discovery may still have their places, but so do the hard facts of market pressure and political demand. 🍁

Notes

¹Although the European Union has not been officially involved in the agreement process itself, it had a role in promoting it and has an even bigger one in monitoring its implementation.

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