

## Harvards of the antipodes? Nation building universities in a global environment

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### ABSTRACT

In the high time of post-war nation-building in New Zealand and Australia (NZA), the purposes of university and government were closely joined. This was associated with the flowering of the modern university. The modern nation-building university is now experiencing a three way crisis brought on by the governmental retreat from nation-building, the stand-off between corporate and academic practices in the internal life of the university, and the problem of strategy in a globalising environment. In the global era national identity changes in character and potential but it remains salient. Indeed, national identity is crucial to an effective global role in higher education; suggesting that the optimal strategy is not for universities to detach themselves from national government (as market liberalism suggests) but to build a new alliance with government. Here the objective should not be to imitate American universities - a course of action bound to deliver modest returns - but to develop a distinctively NZA contribution to global higher education. Such a contribution would be grounded in the academic mission of the university, in its research and learning functions. Organisationally, instead of a stand-off between the academic and corporate cultures of the university, an effective synthesis between them would be developed.

### Introduction

In the high time of post-war nation-building in New Zealand and Australia (NZA), the purposes of university and government were closely joined. This was associated with the flowering of the modern university. The modern nation-building university is now experiencing a three way crisis brought on by the governmental retreat from nation-building, the stand-off between corporate and academic practices in the internal life of the university, and the problem of strategy in a globalising environment. In the global era national identity changes in character and potential but it remains salient. Indeed, national identity is crucial to an effective global role in higher education; suggesting that the optimal strategy is not for universities to detach themselves from national government (as market liberalism suggests) but to build a new alliance with government. Here the objective should not be to imitate American universities - a course of action bound to deliver modest returns - but to develop a distinctively NZA contribution to global higher education. Such a contribution would be grounded in the academic mission of the university, in its research and learning functions. Organisationally, instead of a stand-off between the academic and corporate cultures of the university, an effective synthesis between them would be developed.

## The nation-building university

The construction of modern university systems in New Zealand and Australia after the second world war was one of the great achievements of government in those countries. In 1950 universities in Australia and New Zealand [hereafter represented by NZA] were sparse, small, derivative and weak. Their horizon was small and provincial, their manner remained British and dependent. By the end of the 1980s rates of participation were at the top end of the OECD region, the quality of graduates was world class, the resource-heavy science-based disciplines were strong, and the universities turned out great numbers of professional graduates. Their academic communities, partly self-reproducing, were increasingly confident. Local graduates were moving to chair level in most disciplines, sometimes with international posts on the way, sometimes not.

The post-war NZA universities also had their flaws. Many were socially elitist and intellectually complacent. They were largely monocultural. Too often their academic personnel stood aside from the societies around them. Some of us were not backward in drawing attention to these deficiencies. But it is important to recognise what 30 years of public investment in these national university systems was able to achieve. For the postwar NZA university was most certainly a product of economic, cultural and social investment *by government*. It was not the spontaneous product of civic action, though an emerging civic culture (nurtured in part by the university itself) became one of its supports. Still less was it the bequest of great corporate magnates, as in the case of some of the American private universities. These universities have always been state-dependant. If this is now seen by many as a weakness, exposing the institutions to unwanted intrusions and manipulations, it also important to recognise that a particular configuration of the university-government relationship lies at the heart of both the intrinsic strength of the postwar NZA university, and of its claims for autonomy. Government is responsible for the very existence of the NZA university.

It is true that some of the NZA universities date from before the postwar period, and had their original roots in the provision of a colonial English education to a would-be gentry in exile. All NZA universities share a relationship at one remove with the British universities. At the same time, the NZA universities are also products of their own national contexts. The majority of these universities were founded in the post-1960 period when national rather than colonial decisions were determining. The decisive shaping of the NZA university systems took place in the great expansion of public education provision and spending that climaxed in the late 1960s and early 1970s (Marginson, 1997a: 11-45).<sup>1</sup> In this period even the older universities were completely transformed by national money and national policy. The form of the NZA universities continued to be that of autonomous institutions in the British tradition. But they would never have achieved their size or buildings, or their comprehensive spread of disciplines, or enjoyed their Newmanesque institutional autonomy, unless they had been part of the projects of post-war NZA government.

The reason that the universities were annexed to the projects of post-war national government was that in New Zealand and Australia, as in most other countries in the world, the university was seen as a principal tool of *nation-building*. While the post-war university was, for its time, competent in international relationships, more so than much of government and most of business, its core rationale was unambiguously national. Government supported its links to international academic communities because these links were seen to support national purposes. That those international links derived also from the world-wide traditions of the university as an institution, which had been transplanted into NZA, was neither incidental to, nor separate from, the national rationale for the modern university. Autonomous academic disciplines were developed because NZA government and public wanted that kind of university.

The keys to the profound commitment to the university as an institution were science and technology, human capital and social democracy. The postwar universities were envisaged as the home of science, technology and medicine, which were seen by all governments after Hiroshima as *the* source of medium and long-term international military and economic competitiveness,

industrial development and the solving of social problems.<sup>2</sup> In the context of the Cold War between the American and communist blocs, the successful launching of the first Soviet space satellite in 1957 suggested that Russian science had achieved a technological edge in some areas: this spurred the development of Western schools and universities. At the same time the rationality of government in education was grounded in the notion of 'investment in human capital', whereby the population was understood as a national resource to be harboured and developed (Schultz, 1960; Schultz, 1961; Becker 1964).<sup>3</sup> It became an article of faith, one energetically propagated by OECD and UNESCO, that increased spending on education would generate a corresponding rise in GDP (Denison, 1962). More tangibly, there was a rapidly growing demand for professional and technical labour amid conditions of near full employment. Universities were expected to provide for the growing number of graduates needed to service production, mass consumption and above all, the expanding programs of government itself. It was expected that the NZA university would nurture and spread the humanities and the arts, as befitted a civilised modern nation, and would foster psychology, economics, sociology and other social sciences necessary to administration and public order (for example Martin, 1964).

Thus, in the post-war period, investment in the universities became one of the means whereby a modern government built the nation. It was also a means of offering the national populations under the paternal care of government a social democratic promise of betterment that was within the gift of government to give. Governments found that education could be expanded on a controlled basis - it could be rationed (though this became increasingly difficult to enforce) - and it was less expensive and less problematic than granting wage increases or redistributing incomes through the tax system. Education was broad in its gender appeal, mobilising women voters. And it reached deeply into the subjective. Education was the counterpoint to consumption, which also expanded and differentiated during the post-war period. The rewards of consumption were instantaneous, and were often soon lost. With education the gratification was deferred, and it centred not on adults but on their children. Everyone wants their children to have the best. Increasingly the best became seen as a university education. And this was coming within reach of a growing part of the population.

In this manner the NZA universities were the site of growing mass demand and growing government-funded supply. The two trends fed each other. A broad consensus on the expansion of the universities was developed. Because that consensus was sustained over three decades and more, we are richer in educational resources today.

### The crisis of the nation-building university

It is evident that this long-standing governmental project - that of the nation-building NZA university - is now experiencing a deepening crisis. This crisis is both particular to the modern university as an institution, *and* in other respects particular to Australia and New Zealand. The same issues also tend to be played out in Canada, which is another and similar country located on the Anglo-American periphery. The crisis of the modern university in those settler states of Latin America with highly developed education systems - for example Argentina and Chile - is not dissimilar.

The crisis of the nation-building university in New Zealand and Australia began to show itself at the end of the 1980s, and it has become more apparent in the last five years. The crisis has three elements, mutually reinforcing but distinct. These are:

- a resource crisis brought on by declines in government funding, linked to declining governmental commitment to the nation-building role of the universities;
- an identity crisis brought on by the corporatisation of internal university systems and cultures;
- a crisis of global strategy, as the NZA universities begin uncertainly to position themselves in a globalising university environment?

Each element will now be examined in turn, drawing on the findings of two recently completed research projects: an Australian Research Council-financed study of 'Management practices in higher education' in Australia, prepared for publication as *The Enterprise University: Governance, strategy, reinvention* (Marginson and Considine, 2000) and a commissioned history of Monash University which focuses on that University's strategies in a globalising environment (Marginson, 2000).

### Declining investment in the nation/university

The decline in NZA governmental support for the funding of universities constitutes a decline of investment in the universities. As noted, in New Zealand and Australia universities have always depended crucially on government. Realistically, they could not hope to be financed to an equivalent extent by private corporations or fee-paying individuals, regardless of the extent of their deregulation. These countries simply do not have indigenous capitalist classes and corporate sectors rich enough (or sufficiently nationalist in temper) to underwrite educational institutions on the American scale, or to pay tuition fees that would be sufficient to support world-class research and teaching. Further, even if high fee provision is considered desirable and feasible, a long tradition of state-subsidised education creates formidable barriers to it. Inescapably, a decline in public investment in the universities constitutes a decline in their nation-building role. Hence it constitutes a decline of investment *in the nation* itself.

The obvious explanation for this policy shift is the dominance of market liberal (ie. neoliberal) policies of 'small government' which began to take root worldwide after the collapse of Keynesian national economic management in the mid 1970's. Despite the neo-liberal consensus in government, the public funding of universities continues to enjoy popular support: for example in Australia the evidence of opinion polls and other surveys suggests a strong and consistent rejection of higher fees and reductions in government funding.<sup>4</sup> Nevertheless, the earlier link between popular demand and government supply has been broken. It is clear that popular support for university funding no longer translates into government decision-making. Yet 'small government' policies are common to most of the OECD. By itself this factor is not sufficient to explain the *degree* of decline in the public funding of Australian universities, and in the commitment to their nation-building mission. Something more has happened.

In Australia, and even more so in New Zealand, market liberal policies have taken a highly deregulatory form. These policies have become associated with a declining commitment not only to Keynesian nation-building, but nation-building of *any* kind. In NZA the modern nation-building project has turned out to be brittle - not as brittle as in parts of the world, but more brittle than in Western Europe, for example. In national government there has been something of a loss of the nation-building mission and even a faltering of national identity. The decisive policy positions are mostly occupied by economists whose outlook is grounded in the world as a universal market (Pusey, 1991).

Perversely, the purpose of 'good government' has become that of undermining and undoing the nation-building projects and institutions of the previous period of government. There is strong pressure from international regulators, mainstream neo-classical economists and corporate opinion to weaken or dismantle those elements specific to NZA and different to the American model - for example semi-universal health care, low cost university education, industrial arbitration and nationally-owned telecommunications. Non-commercial national broadcasting is also questioned. There is a consensus among neo-classical economic reformers that these nationally specific elements are a stumbling block which must be removed. Institutions and policies from which Australia derived its modern national character, and which nurtured culturally distinctive elements, have lost official support.

This cannot be put down simply to globalisation, any more than it can be put down simply to market liberalism. Other nations that are active players in globalisation and share with us the market liberal policy settings of deregulation, marketisation, low tax and fiscal restraint - for example France, Germany and Japan - are not winding down and folding up their nation-building institutions. They have *not* adopted the assumption that national science and national culture no longer matter, and that these things can simply be imported from abroad. The contrary is the case. The French advocacy of nationally specific institutions is legendary. The Japanese are building up their domestic capacity in basic research, so as to be less dependent on imported science. The Malaysian government has designed a sophisticated strategy for projecting national cultural identity into cyberspace.

These things are not happening in New Zealand and Australia. This is very serious for the NZA universities, which might otherwise have been integral to such national-global strategising. Despite (and, as I will explain later, because of) the growing engagement of NZA universities with the global realm, their fortunes are inescapably tied also to national identity, and to national government as the main engine of national identity. But the present policy settings place in question the whole of the past national investment in the universities. Government now seems indifferent to the consequences of liquidating that past public investment. The operating funds of the universities, inherited from the past, are subject to question at every turn. Funding never moves up, it always moves down.

Though higher private costs and selective marketisation are on the education policy agenda in many OECD countries, in NZA the velocity of the shift away from free or low cost publicly provided education, towards user payments and commercial provision, has been greater than in most cases. Government support for public investment in education has dropped more sharply than in most other countries. In Australia, between 1983 and 1997, the proportion of university funding met by government dropped from 91 to 55 per cent (DETYA, 1998). The principal fiscal policy in higher education remains that of shifting costs from the public to the private sectors and thereby holding down the total government outlay. In the economic departments of both nations, continued public funding is seen more as a cost than an investment.

In the neo-liberal policy framework, dominated as it is by conceptions of the business firm as the paradigmatic organisation, universities are imagined not as public assets but as individual businesses. Their positive national role lies not in their potential to support a variety of economic and social projects in the national interest, but in their potential to generate export income. The potential for such income has become crucial to NZA policy makers, for their balance of international transactions is permanently in deficit, locking national policy into the requirements of global finance. Consistent with the policy dictates of global finance, with its requirement that free access be granted to international capital, in methodological terms NZA government has adopted the *prima facie* position that the universities ought in principle to compete in the global market on a full-cost basis. An increasing number of NZA policy documents on education embody this 'in principle' perspective, though it is some distance away from actual practice. A particularly striking example is an influential paper commissioned for the recent Australian Government inquiry into tertiary education, prepared by a merchant banking company specialising in cross-border commercial education (GAL 1997). In the fully-imagined neo-liberal policy framework, government funding of the universities becomes seen *automatically* as a distortion of efficiency and free trade. Social objectives, such as the provision of education for all, are defined as exceptional rather than integral to national policy. They are modelled as economic 'externalities'. Government assumes that the closer the universities move to full cost recovery, the more efficient they become, the better able to survive and prosper in the global market.

But what is it that is actually left, to 'survive and prosper'? The shift to the market as the *organising framework* for education policy changes the character of the educational goods that are produced (Marginson, 1997b: 27-50). When the global market pure and simple is becomes the policy

framework for education provision, it is inevitable that the nationally-specific elements in policy will be washed out. It would not matter if the goods concerned were homogenous invariant goods with a singular cultural content, such as processed zinc, or TV sets, which are much the same whatever the conditions in which they are produced. But in the case of complex cultural institutions such as universities, the neo-liberal policy is a recipe for flattening out the distinctive elements. The nation-building aspect, the subject of all that past sweat and toil to build the system, is seen as 'uneconomic'. The University declines. The nation declines with it.

### Making the butterflies fly in formation

Second, the crisis of the nation-building NZA university is shaped by an unequal and destructive stand-off between academic culture and corporate culture inside the universities themselves. This stand-off is more apparent in some universities than others, but is present in all. Again, the problem is both common to national university systems throughout the world, and it seems rather deeper in NZA than elsewhere.

In the study that has led to *The Enterprise University* we examined 17 Australian universities, including six of the eight institutions that are strongest in terms of resources, research and prestige: Queensland, Sydney, New South Wales, Monash, Adelaide and Western Australia. We focused on relations of power, systems of decision-making, and the ordering of authority and resources. We were interested in 'management' at its different levels, and its relations on one hand with governance, on the other with the heterogeneous field of academic research and disciplinary networks. We situated our inquiries in the context of the larger forces impinging on the universities from outside: government programs and funding systems, mass student participation, growing industry involvement, and global markets. The relationship between change-inducing effects from 'outside', and changes introduced 'inside', with university leadership positioning itself between the outside and inside dimensions, was a key object of study. We hoped to throw some light on the question of whether and how much universities have changed in recent years, and on the overlaps, paradoxes and contradictions in the conjunction of on one hand their corporate and managerial aspects, on the other hand their academic (and erstwhile collegial) aspects.

Over and over again during the course of the case studies we were struck by the extent of the change that was occurring in Australian universities. We were not surprised to find that business practices were entrenched in universities because it is plain that every social institution now exists in an age of business. Throughout their history universities have habitually taken in some of the features of the organisations outside them, reworking their academic mission in new hybrid forms. What stood out to us in the study was that the particular traditions of the university in Australia now seemed to be less robust, and that the balance between corporate and academic purposes was more unequal than before.

It seems that forms of university governance and academic tradition which survived the long engagement with nation-building postwar government are now under more direct assault. Indeed, with nation-building goals in mind an earlier government would have modified the impact of market forces, encouraging the universities to maintain their own distinctive missions, languages and means of operation, because it is *these* features of the universities that are the ultimate source of the value they add. But with a diminished commitment to nation-building project, government now welcomes the more direct and directive effects of market forces and corporate practices, not least because they soften the universities for further reductions in government funding, which has become perhaps the principal objective of policy in higher education. The notion of the university as an 'academic enterprise' has taken root. In this uneven hybrid, the 'enterprise' part of the hybrid is a given - never be doubted - but the 'academic' part is negotiable, and varies downwards. It becomes whatever the market will bear. The economic bottom line is decisive.

This has led to major changes in organisational form, such as:

- the emergence a new kind of executive leadership in universities, with more power than before, and rather less room to manoeuvre. Increasingly the role of the vice-chancellor is that of a strategic director and change agent, obliged to reinvent the university, its management structures, its internal culture, and sometimes its core business, at ever shortening intervals. Universities are no longer run by the legislative *fiat* of collegial bodies, but like corporations, are run by formulae, incentives, targets and plans. With better mechanisms for information gathering and performance measure from a distance, with the greater transparency of internal operations, and with greater power of patronage in a resource-starved environment, the executive leader often becomes partly detached from the network of institutional relations and cultural commitments below. Most universities now prefer to appoint outsiders as VCs precisely because they are *not* organically linked to the institution. In most institutions these 'semi-detached' VCs are supported by a growing apparatus of DVCs and PVCs, Vice-Presidents and executive deans with a primary loyalty to the university centre, rather than the disciplines and faculties. Again, they often come from outside;
- the partial transformation of governing councils into corporate boards, the sidelining of academic boards, and the closure or marginalisation of other traditional collegial structures, such as faculty-based assemblies. Alongside this we see the rise of more flexible executive-directed systems for internal university consultation and communication, from internal market research to vice-chancellor's advisory groups. We also see the emergence of new corporate structures in areas such as international education, intellectual property, relations with industry, and work-based training. This takes some of the key sites in which income is generated and decisions are made, out of collegial view and also away from detailed public accountability;
- the partial breakdown of traditional disciplinary structures, in the creation of schools (rather than departments) for teaching purposes; and the creation of the limited life research centres sponsored from above for research purposes. Research management is subject to homogenising systems for assessing performance and distributing funds which tend to flatten the diverse traditions of the disciplines, with their varying kinds of output and norms of good practice. These systems diminish the role of peer relations in decisions about research, and give priority to the *quantity* of research income raised - and to a lesser extent to the quantity of publications produced - at the expense of considerations of the quality of the ideas and findings deriving from research and scholarship. It became apparent to us during the course of the study that to many contemporary executive managers, the disciplines are not so much a medium through which the university fashions its success, but an obstacle to be broken down. The disciplines block the flexible movement of resources, and the sudden changes in priority that markets and managers require; and as a power heterogenous to the new university systems, they are a potential rallying point for disaffected academics.

The last point can best be illustrated by anecdote. In 1995 we visited a 1970s-founded Australian university of small-to-medium size with a strong research reputation in a few defined fields. The first interview was with the university's leading non-academic administrator. He talked fluently and at length about strategic issues before the institution about its decision-making and financial systems, and the relations between its academic and administrative wings. This was straight-forward. But when he began talking about research, the matter-of-fact tone gave way to the richer voice tones of the patron and connoisseur of the arts. There was a kind of distancing, combined with a measure of respect, as if the world of research with its many secrets was a world that he as a specialist in management could never completely grasp. Yet there was frustration as well. The real question was, how could all that creative energy be harnessed so as to maximise the university's position? The problem - as he unself-consciously put it - was 'to make the butterflies fly information!'

I am not arguing that we ought to lament the passing of the earlier collegial era, in which the veneration of knowledge was often a cloak for the monopolisation of knowledge by closed elites, singular and authoritarian claims to truth were all the rage, resources were shrouded in mystery and subject to venal manipulation, and women, junior staff and students were excluded from power. If the earlier commitments to scholarship and empirical inquiry are crucial to any future university, much of what accompanied them is not. What must be placed in question is the new era that has replaced the collegial era. There appears to be a serious deficiency in the norms and models of good governance which have emerged to assist universities in their struggle to stay relevant to contemporary conditions. At a time when universities might have pioneered new, creative organisational structures and indigenous 'learning cultures' capable of great flexibility, they often appear to have surrendered to highly derivative and dependent notions of themselves.

During the study we interviewed a large number of university leaders and their immediate subordinates, and over and over again we found that those in positions of greatest influence in the universities were fixated on simplistic outside norms of good management. There are certainly honourable exceptions to this generalisation, but I believe that the generalisation stands. Just as Australian government officials have become fixated on derivative outside norms, so too have many of the nation's university leaders. There is more here than just benchmarking for excellence. Being useful to business is interpreted as *being like* business. Having a good reputation in the global university environment is subsumed under the rubric of becoming a 'Stanford of the South' or a 'Harvard of the Antipodes'. The desire to excel is being defined as a struggle to compete and as a rush to imitate. This would be of less consequence in a university system whose internal resources were more solid and robust. In such a world the urgings of a manager class with a sharp eye for new methodologies would be balanced within a matrix of strong professions, tough-minded disciplinary traditions and independent students. But in organisations depleted by under-investment and declining career opportunities, the imitate-or-perish imperative meets weak resistance.

Our main finding from this project is very worrying. Despite a massive and often impressive process of institutional transformation - of mergers and growth, a new level of external engagement and global linking, and profound strategic reinvention - *universities in Australia are now less sure of themselves*. Their identities are fraught, and in some cases are crumbling. Many Australian universities are marketing with aplomb but have lost a sincere sense of mission. Constantly being reinvented, they seem to be less capable of genuine self-production than before. This has less to do with questions of private ownership, fees and exports than might be supposed. Private funding is hardly new to the education system and nor is the fashioning of educational projects for individual purposes. Under some settings, we could imagine the expansion of private funding and education markets without a direct threat to norms of equity and excellence. But the decline of stronger sources of intellectual coherence inside the universities and their replacement by derivative forms of private organisation suggest that the new market-based relationships are often based more on pandering and procuring, rather than upon partnership and genuine pluralism. There is much talk about the 'client' and a new age of student-centredness, but this is generated more by intensified marketing than a genuine desire to meet students' academic or vocational needs.

Some corporatisation of the universities in this period is inevitable: the demands for external linkages, transparency and accountability, the drives towards internal efficiencies and a performance culture, can hardly be evaded. And the character of the emerging 'Enterprise University' is yet to be settled. But the danger suggested by our research is that the Australian university by becoming a corporation, is ceasing to be a university. That is, one effect of the particular NZA practice of corporatism in universities in this period is that the relationship between corporate practice and academic practice becomes configured as a *zero-sum* relationship. If you have more of one, you must have less of the other.

Yet in universities, the corporate and the academic do *not* have to be mutually exclusive. It should be possible to be both university and corporation, to redesign the university so as to enhance



its particular academic character in a knowledge economy. Such a redesign is not occurring. The Australian university - and, one suspects, the New Zealand University - is in danger of weakening or losing distinctive aspects of its postwar mission: a primary orientation to the production, circulation and transmission of knowledge; a pastoral approach to the formation of personality; preparation for work in a broad intellectual setting in which student exploration is encouraged; a long term critical eye towards social developments; and an explicit role in building national institutions and national identity.

If the academic identity of the University is weakened sufficiently - or putting it another way, if academic identity becomes sustained not by university leaders but by the ineffectual practices of disgruntled and marginalised academics standing aside from the responsibilities and corruptions of management - then prophecies that global companies will take over the role of the university are likely to prove true, as far as its roles in the construction of knowledges, and in vocational training, are concerned. In this context its roles in nation-building and reflective social criticism would also fall away, though it might retain the function of a finishing school for adolescents.

My suspicion that the collapse of academic identity is occurring more quickly in the NZA university than in some other countries is borne out by observation of the American higher-education system. At the bottom of the American 'system' the institutions are degree factories with no academic identity at all. But the American doctoral universities retain a robust sense of themselves as embodying an academic mission, and clearly understand that it is the academic mission which confers on them their distinctive social purposes. In the American universities, corporate development is not necessarily pursued at the expense of academic development. Synergies between the two are constantly reworked.

## Globalisation, nation and education

If academic identity is deteriorating more quickly in universities on the global periphery such as the NZA universities, than in the American global metropolis, this points to the crisis of global strategy facing the NZA institutions.

I do not want to make the common error of attributing too much to globalisation, of defining it in the kind of universalising market liberal terms that have captured the NZA governments and robbed them of identity and confidence, so that then distinctive policy trajectory becomes subsumed in a generic argument for global free trade in education regardless of cultural identity (for example West, 1998). Even some of the more trenchant critiques of globalisation in higher education embody this same sense of globalisation as an apparently unstoppable universal force (Readings, 1996; Currie, 1998). Nor do I want to make the opposite error of dismissing the salience of globalisation on the grounds that global economic relations have been important for centuries (for example Hirst and Thompson, 1996). It is clear that something new is happening, and that it extends beyond financial networking, off-shore production and patterns of trade to embrace also technology, politics and cultural artefacts, the movement of people and the formation of subjectivities (Waters, 1995; Keyman, 1997). Globalisation refers not to the international per se, but the growing impact of world *systems*, systems that exist outside and beyond the framework of the nation-state, and are increasingly effective in penetrating the boundaries of the nation-state. These world systems now impinge on us with a new directness.

The most spectacular and generative forms of globalisation are those that constitute world systems themselves, particularly finance and in information and communications technology (the effects of these systems interact powerfully) and also transport. The average *daily* turnover in the foreign exchange markets, whose data are transmitted on screen instantly around the world, is now equivalent to the foreign reserves of all countries put together. The Internet is a single world information system, a mind-boggling world library, though mostly in the English language. But globalisation is not driven by abstract forces or technical grids. It is grounded in more intensive and

extensive cross-border human relationships, which take varying forms, including both 'flat' collaborative relationships that are facilitated by technological networking, and relationships of domination/subordination, the old imperialism in a new guise. The cost of air transport has dropped by a third since the early 1970s, the cost of an international phone call has dropped by 90 per cent, and the cost of computing has dropped by 95 per cent (IMF, 1997: 46). More people are moving for the purposes of work, study or migration. In transferring location they draw on the resources of telecommunications, screen and media to more readily retain contact with their point of origin than did their predecessors. In this manner they can maintain old identities and form new identities at the same time, creating a potential for more complex hybrid identities; and modifying trends to universal global Americanism (Appadurai, 1996).

Education is one of the sectors in which there is now a larger global market, a greater level of non-market exchange in resources, people and ideas, and more intense daily international interaction. Also in education we find the tension characteristic of globalisation, between homogenisation on one hand and a new presence of diversity and difference on the other. In fact education, and the markets and technologies associated with education, are one of the principal driving forces in globalisation as a whole. The global market in international higher education has grown rapidly since 1980, coexisting with and overlapping with parts of the national system-markets. The most globalised sub-sector of higher education is fee-based business training, centred on the North American universities, and producing credentials with global currency. In international education, in virtual universities, and in the flexible delivery of existing courses, we see the early stages of a global university system in formation. In research and scholarship there have long been world systems of a kind in many academic disciplines, world circuits in which particular knowledges circulate, are augmented and re-formed. Now these circuits are becoming larger in reach, 'thicker' in the traffic they carry, and more immediate and determining in academic work in particular countries.

Globalisation has not led to one world, or even a single integrated world economy, but international economic regulation - both through the formal policy practices of international agencies such as the OECD and IMF/World Bank, and through the informal operations of currency and bond markets, global banking and credit rating - has created new constraints within which national government and politics must work. Nevertheless, even while the centre of gravity has shifted, national government and national identity still matter. First, global systems themselves embody nationally-specific (for the most part American) cultural contents. Second, national government is where the social programs are provided, including education, and that situation will continue for the foreseeable future. Third, in the global world, in which time and space have been compressed, space still matters. Locations do not disappear, though they have been brought much closer to each other. Like other forms of place-based identity, the nation remains an important source of identity in the global environment, even in relation to international economic competition. David Harvey remarks that:

The shrinkage of space that brings diverse communities in competition with each other implies localised competitive strategies and a heightened sense of what makes a place special and gives it a competitive advantage. This kind of reaction looks much more strongly to the identification of place, the building and signalling of its unique qualities in an increasingly homogenous but fragmented world (Harvey, 1990: 271).

The nation-building project has not disappeared, it has been transformed. If 'the nation' once seemed to be a bedrock universal, a taken-for-granted cultural identity that was as solid as the land which defined its boundaries, we are wiser now. We now know that the nation is an 'imagined community', and that it is something we make for ourselves. That is, the nation is a set of cultural practices located in a geographical space. It is not a singular identity, but a compound of many identities and identity tensions. And we now know that like all identities, this compound national identity is complex, fragile and precarious, the more so in recent and peripheral settler-states such

as New Zealand and Australia. National identity is artificial and changeable. It must be deliberately managed and constructed, if it is to survive and prosper.

Globalisation has brought this sharply into focus. Our cultural environment is more unstable than before. We are in a sorting out period in which some national traditions will disappear, others will claim a global role, and others will survive as local variants of larger themes. Multi-cultural forms will become more important everywhere, new hybrids will develop, and indigenous identities will bulk larger than before.<sup>5</sup> The nation and national government will continue to be the setting (though not the only setting) in which these issues are worked through. In the global era, with its shortening timelines, and one externally-administered shock after another, there is a new urgency and importance to the nation-building role of national governments and universities.

The NZA retreat from nation-building has therefore happened at the worst possible time. Nor is this a coincidence. In the distorted scale of the market liberalism that is practised in Australia we see also the dynamics of globalisation on the periphery of the Anglo-American world. From the viewpoint of international regulators and global management consulting companies, Australia, like New Zealand and Canada, and also Chile, provides a stable political environment in which to conduct experiments in the market liberal variant of globalisation. The neo-liberal reform agenda has had an impact in Australia and New Zealand that is far in advance of its effects in the USA, or in Japan and Western Europe. It is not just a matter of size, but of cultural identity. In NZA national government is more derivative, too easily persuaded to hanker after status in the American or the British context rather than the local context. Thus the achievements of postwar nation-building, including our world-class system of socially accessible universities, have proven to be unexpectedly and profoundly vulnerable.

### **Manoeuvring for global advantage**

At the same time that government support for Australian universities has fallen away, those universities are re-positioning themselves within the global environment. Nor can they abstain from the global sphere. In the context of the world market in international education with its key economic importance; the explosion in people-to-people contact; the globalisation of knowledges, information systems and cultural forms; to pursue a solely national orientation would be to guarantee marginalisation, disengagement from main currents of intellectual life, declining attractiveness to students and industry, and declining non-government and government financial support. Abstention is not an option. And that is how the NZA universities are reading it. They are internationalising more quickly than anyone ten years ago could have suspected.

In Australia the growth of fee-based international education has been spectacular, from zero to 70,000 students in less than a decade. On-shore fee-based courses for international students are only one part of an internationalisation strategy, and many universities are active in off-shore delivery, often in partnership with Southeast Asian providers. The involvement of NZA universities in non-English speaking countries is particularly important in the longer term, because it enables more linguistically diverse and culturally complex curricula to develop. Some NZA universities include an overseas study component in certain courses. Some are forming strategic alliances with particular international universities for collaboration in research and teaching, resource sharing and bench-marking. Cross-border research collaboration and staff exchange are continually increasing. Some universities are also working on prototypes for virtual university provision, and expanding the distance delivery of existing courses.

Monash University enrolls more than 6000 international students: its international programs are administered by Monash International which has almost 50 staff at the Melbourne headquarters alone. Monash has a campus in Kuala Lumpur (Monash Malaysia); it has purchased land on which to build a campus in Johannesburg, South Africa; it is talking about a campus in Indonesia. In 1996, 31 per cent of all Monash students came from homes where English was not the main language spoken:

almost half of those students spoke one or another Chinese language (Monash University 1997). At the same time, though Monash is stronger in Asian studies than are most NZA universities, its internationalisation is yet to lead to a transformation of curricula. At Monash, like most NZA universities, its global systems and international education planning and positioning remain partly detached from the rest of the University, and often tend to be driven by a logic that is commercial rather than educational. This partial separation of the global from the local, configured also as the partial separation of the corporate from the academic, enables a more rapid globalisation in the immediate sense, because it reduces the potential for cultural tension within the universities. At the same time it narrows the base of the universities' global engagement, and slows the long term educational transformation that is needed. It is likely that over the coming decade or so, in the next stage of globalisation in the NZA universities, there will be a greater transformation of curricula and teaching, embodying a more intensive engagement with linguistic and cultural diversity.

The Monash experience of internationalisation is relatively advanced, but the same kind of changes are occurring elsewhere in NZA. And the same questions are arising. All universities have opened themselves to the global to some degree. Yet no university is sure where it is taking them long term, what they might become, or can confidently measure the extent of their own capacity to shape their fate. This uncertainty is the heart of the strategic problem facing our universities. My view is that NZA universities have a considerable capacity to shape their future in '7: global environment, but not by operating as stand-alone corporations as neo-liberal myth would have it. Their global viability and global effectiveness will be maximised when they operate in conjunction with other NZA universities and particularly with national government.

Universities' experience of globalisation has two main components. On one hand, all universities are *responding* to the imperatives that globalisation creates - the need for international students, and IT competence, the need to contain the perceived threat from virtual provision, and so on; the need to secure competitive advantage *vis a vis* other universities, which now includes international as well as national rivals. On the other hand, through their own initiatives some universities are also *shaping* the forms taken by globalisation of higher education. They are helping to create the rules of the global game. In that sense universities are not only reactive, they can also be proactive. In shaping their response to globalisation, universities are able to gain some control over the strategic options before them, and secure a stronger grip on their own future: for example by creating new forms of international education, networking and course delivery, and developing new internationally-based strengths in teaching and research.

That universities need to calculate their futures in relation to the map of global provision is inescapable. The question is how to do this, what strategy to pursue, and what resources are brought to bear on its pursuit. The orthodox neo-liberal model of the university-as-corporation suggests that universities should rely only on their individual institutional resources; that is, on their accumulated economic, academic and reputational assets plus what they are able to earn in the higher education marketplace. The neo-liberal model suggests that if the 'quality' of the individual university is good enough - often this comes down to 'if management and marketing are good enough' - then it will somehow succeed against the whole field of global competition. In the neo-liberal model, universities are not meant to rely on national government: as noted, it is an article of faith that the more the universities are dependent on government funding, the less effective they are at a global level. But in my view the neo-liberal map of institutional strategy, and the model from which it is derived, are seriously mistaken.

The orthodox neo-liberal approach embodies two main difficulties for individual NZA universities. First, under any scenario, even the most optimistic, it can only be open to a relatively small minority of them. It is impossible to imagine many Harvards in the Antipodes. A struggle for individual advantage by each university operating *sui generis* - and continuing to be without adequate public funding - would condemn most NZA universities to marginalisation, research poverty and eventual obsolescence. Second, it is by no means clear that when operating as a stand-

alone university corporation *any* NZA university could ever become a Harvard of the Antipodes. Consider the intrinsic difficulty of breaking through at the top of this market. It is doubtful that if any of the present Australian universities would be ranked in a global top 50 in terms of status and resources, though some might do better on pure academic grounds. In global terms there is a natural limit to the number of leading individual universities. The American Ivy League and a few British, European and Japanese universities already command the leading role. Once institutions achieve a position of leadership they are difficult for newcomers to displace, as the stability of the American Ivy League attests. The NZA universities have the additional disadvantage of being located both culturally and geographically on the periphery of the North Atlantic zone. How could any of our universities operating alone strengthen in world terms by enough to achieve elbow room alongside the Stanfords and Harvards? Harvard not only enjoys great prestige but its endowment is equivalent to some national education budgets.

To test the plausibility of the strategy of NZA university-as-stand-alone-global-corporation we need to ask the question 'what is the *competitive advantage* of NZA universities in a global environment?' The principal methods of securing competitive advantage in a market are to beat the opposition on price, or to beat the opposition on quality of the goods. Competition on price is a strategic path with limited returns and little attractiveness to universities. To compete effectively on quality in higher education is either to produce the established leading forms of higher education better than other universities - in other words, to try to outdo the Ivy League at its own game, in Americanised universities - or to produce something new and distinctive that is specific to New Zealand and Australia. Something genuinely new or better in university education, something that students from other countries, universities from other countries, and global companies, cannot already obtain from universities elsewhere.

This underlines the point that national specificity continues to matter in a global environment. When the world's leading universities and university systems are examined it becomes apparent that they stand for certain distinctive strengths, things they do better than do universities elsewhere. The American universities stand for specific attributes - proximity to the world's centres of economic power, strength in elite business education, in information technologies, communications, entertainment; and in scientific research and product development - which are *not* readily duplicated everywhere in the world. Correspondingly, American universities have a particularly strong role in business education, and in many areas of science and technology. We might try to imitate those attributes, but simply replicate them and thereby secure competitive leadership. That is why the neo-liberal objective of turning NZA universities into American universities can never lead to front rank global institutions here. The strengths of the American universities are *local*/American attributes. American universities derive those strengths from their association with American economy and society. And one of the distinctive features of the USA is that because of its level of private wealth and a long tradition of philanthropy, endowments and company financing it can support stand-alone universities of world class. Even so, government financing through research funding and student aid remains a significant part of total revenues, even in the elite private universities.

The point about national specificity is equally apparent when other countries strong in higher education are considered. Strong universities are associated with strong national traditions that create for those national universities a place in the global order. Germany is also strong in science and technology. The UK has a reputation in finance, and in history and culture. France is also strong in the humanities. Significantly, outside the USA those strong national traditions are fostered more explicitly by state action.

In this respect high education is different to many other industries, because it is relatively context bound. In some industries, global corporations can detach themselves from their founding national context so as to operate in a common manner everywhere in the world. But universities are based in 'thick' and complex relations with the societies they serve. Even when they are operating

as globalised institutions, they remain also localised institutions. For this reason, in most countries at least for the foreseeable future, global providers of virtual or distance education are likely to supplement nationally-based institutions rather than replace them. Not surprisingly, the take-up of cross-border education has been slower than predicted.<sup>6</sup> (If there is an exception to this generalisation it lies in countries where the level of unmet middle-class demand for higher education is particularly high, and/or the domestic culture is highly vulnerable to colonisation and displacement by Americanised global forms).

The context-bound character of higher education creates certain constraints. It is for this reason that the neo-liberal strategy of winding down the nation-building project, abandoning the government-university link embodied in that project, and expecting universities to peel off from the national context and competing globally as stand-alone institutions - and worse, to compete on management and marketing rather than on product - is so destructive for NZA universities. The leading American universities can operate in this manner because they already command the global market in university education, because as stand-alone institutions they retain the implicit back-up of American prestige and social, economic and educational strength. No other country is both as big and as wealthy as the USA, and thus able to support stand-alone civil institutions to the extent that these are supported in that country. Those who dominate world markets always call for the removal of all impediments to the free movement of capital, for it is not *their* cultural identity that is at risk. But to follow this path in Australia is to condemn the Australian university to marginalisation and mediocrity.

Thus in shaping global strategy in order to establish a strong role in the future global division of labour, the key questions for NZA universities are twofold. First, what will be the distinctive features and advantages of those universities, the national specificities they take into the global environment? What is it that NZA universities stand for? Without a clear national specialisation, in the long run our universities cannot become truly front rank universities. Second, what mix of government support and institutional practice will enable them to maximise their long term position?

## Ways forward

The foregoing argument suggests that a solution to the crisis of the nation-building NZA university might have three components:

- a more effective synergy between the corporate and academic sides of the university, in which the particular *academic* character of NZA universities is strengthened; which in turn makes it possible for comparative academic advantage to be developed;
- rather than the abandonment of national context and nation-building, a reworked nation-university synergy underpinning that creation of comparative advantage, associated with a sustained increase in public investment in the NZA universities;
- more specifically, identification of sources of potential national strength in NZA universities, and vigorous investment in those areas by both government and the universities themselves, so that the individual efforts of the universities are underpinned by national resources and a shared global strategy in key areas.

In relation to the first point, the 'core business' of universities lies in teaching and research, and the production of services and products associated with those functions, including curricula, delivery systems, books, software and other intellectual artefacts. To lose sight of this - to treat the university as if it is just another large business - is no more sensitive than to treat it as if it is just another department of government. It is to court disaster by losing sight of why universities exist, why they are economically and culturally productive, why they command public support, why people use universities, and what makes universities good at what they do. The corporatisation and part commercialisation of the universities is an accomplished fact. There is no use hankering after

an era in which universities were almost entirely government funded, accountability demands were light and performance requirements scarcely existed. What is not inevitable is the forms of organisation associated with the university as a mixed 'public' and 'private' creature.

Recent reform of the university has proceeded on the assumption that the main danger is that academic tradition will retard the drive towards efficiency, engagement and globalisation. In contrast, I suggest that the NZA university is increasingly efficient and engaged, and the greater danger is the extinction of its academic personality, through the weakening of the disciplines and the institutional forms that sustain them.

A return to the slow inefficient conservative rhythms of collegial decision-making is not in prospect. What is needed is selective changes to re-strengthen academic identity, with all its particular disciplinary variations. For example, in research funding there should be a shift towards support for longer term open-ended investigations rather than the kind of short-term formula-regulated project funding which now dominates. Governments and universities need to develop indicators of teaching and research performance that vary by discipline rather than 'flattening' the distinctions between heterogeneous fields of knowledge. Management needs to become linked more organically to academic activity rather than making a virtue out of locating itself apart from and against academic activity. We need to develop robust technologies of academic regulation that can modify the fluctuations induced by short-term market responses, and provide additional subsidies for those seminal areas of knowledge that will never be self-sustaining on the basis of student demand or private funding.

In relation to the second point, the better strategy for the NZA university is not to cut loose from the nation-building project, but to contribute to the reforging and restrengthening of the project; and by building the nation, build the university. The increasingly globalised university, rooted at the same time in the local-national context, ought to be centrally placed to contribute to the reworking of national identity in a globalising environment. Correspondingly, resources mobilised by government are essential in building NZA university sectors with attributes sufficiently strong and distinctive to achieve genuine comparative advantages on the world scale.

This is no small task. Reworking the university-government relationship in this manner requires more change in government than in the universities. Neo-liberal government tend to pay for less but interfere more in the internal life of universities, whether through legislative direction or changes to governance (as is often the case in New Zealand) or through accountability mechanisms, funding formulae, competitive bidding arrangements or other forms of 'steering from a distance' (as is more often the case in Australia). At present many university leaders reckon that their best course is to weaken the relationship with government rather than strengthen it. However, in the longer run a break with government would be self-defeating. The harder but more fruitful strategy is to contribute to the regeneration of national government and a more productive government-university relationship, in which universities might again become positive instruments of nation-building, though now in a global environment.

In relation to the third point, the need to invest in areas of potential strength, thereby establishing a distinctive potential for the Australian universities within the global higher education environment, the starting point is to ask what it is that NZA universities already do particularly well. For the last year or so I have been putting this question to keynote speakers at Australian conferences on higher education. The answers have been few and uncertain. The principal responses have been statements about our capacity to compete on the basis of price, claims about a talent in our universities for fixing things and solving problems (the settler-state's self-image of a gift for improvisation), and claims about the provision of a safe, clean and secure environment for international students. Perhaps the last point has some substance. New Zealand and Australia have certainly been successful in creating relatively stable and tolerant societies. Migration has been consistently successful, and at long-last - despite the Hansonites in Australia, who nevertheless rest on a declining demographic base - NZA are developing a greater more explicit capacity in cultural

diversity. The relations between immigrant settlers and indigenous people are still rocky, but Asian immigration has succeeded to an extent unthinkable 30 years ago. In this respect the universities have proved to be good cultural mixers. The NZA geographic location provides another clue to a future global role. Acting as a bridge between East Asia, and America and Europe, we might be able to develop universities that are particularly good at managing culturally complex learning, though this would require a deeper engagement with East and South-East Asia than we have seen thus-far.

Nevertheless, these are strengths of process rather than content. A strong university in the global environment must be strong also in content terms, in teaching and research. Two areas where Australian and New Zealand universities have sometimes been outstanding are medical research and agricultural research. The applied biological sciences might be one platform on which to build a stronger global intervention. Others areas remain to be identified. Clearly NZA universities and governments would need to be selective, and clearly the role of targeted government funding would be decisive. Developing comparative advantage would require substantial funding in order to attract and hold world-leading researchers in sufficient number, over a long period. Even world class research rarely pays its way and must be subsidised from outside. Targeted government support on sufficient scale is essential. Nevertheless, if that support is forthcoming, I believe that the NZA universities have a real prospect of success.

## Conclusion

It is not a question of the global versus the national, but of both together. It is getting the mix right which is important. If the NZA universities do not fully engage in the global, they will not be able to contribute properly either to nation-building or to the maximisation of their own future potential. Xenophobia is never an option, and it is certainly not an option for nations and universities in a global environment, for the world can no longer be kept out from behind national borders.

At the same time, if we wish to maintain and strengthen our capacity for self-determination, the failure of national will and confidence is not an option either. Unless the nation and the university go into the global environment committed to each other, then national identity will falter. And the prospects for the university will falter with it. If an extreme neo-liberal approach to free trade and the public funding of universities is implemented, this will happen. If that approach is not implemented, and a better policy framework emerges, then we *can* have world class global universities, universities that make their own distinctive New Zealand and Australian contributions to the world.

## Notes

1. The accelerated postwar growth and modernisation in higher education was echoed in the later 1980s and early 1990s, albeit with less money than before (Marginson, 1997a: 189-194).
2. Until the 1980s science was *the* meta-discipline in the universities. That place is now probably occupied by business studies, including business-related law and computing.
3. The evolution of human capital theory and its effects in education are discussed further in Marginson, 1993: 31-54; Marginson, 1997b: 102-118.
4. See for example the regular studies of public opinion in relation to government spending, that are conducted out of the Research School of Social Sciences at the Australian National University.
5. Globalisation interacts directly with indigenous identities in art and politics. Thus indigenous identities will shape future national identities twice over. Indigenous identities will feed directly into national identity-formation, and will also feed into the nation a second time via the global 'loop'.
6. A useful recent analysis is Cunningham 1998.



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