

Cnut's Successors

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ABSTRACT

There are two Cnut stories. One is the myth of King Canute which is nowadays deployed as a metaphor to counter public scepticism in face of claims for the unalloyed benefits of such nostrums as marketisation and re-structuring. The fact of Cnut as opposed to the metaphorical Canute is more complex. After a merry and successful youth of pillage, Cnut found himself, somewhat unexpectedly, king of the English. In charge of a people with advanced laws who had considerable skills in the arts of stonemasonry and poesy not to mention agriculture, Cnut proceeded to govern in accordance with local custom. He disciplined his followers, resisted their urge to further pillaging and read them a lesson on the seashore about the arts and limits of governance and the folly of hubris. Both the myth and the history have some resonance for this analysis of the contest in the last decade in New Zealand over the control and character of the country's system of tertiary education.

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If Cnut's Vikings had any sense they would have realised three things. First, that there are limits to pillage; there is only so much you can carry off and ship out of the country and the more you rampage around the less produce there is to export. Secondly, even if you are, as it were, one of the lords of creation, you still have to rely on the peasants to build your walls; and reap and store your grain. Thirdly and above all you need to guard against the possibility that the serfs will suborn your followers, combine against you and subvert your purposes.

The first term of New Zealand's fourth labour Government was characterised by the beginning of deregulation and privatisation of state-owned industries. In its second term, that government turned its attention to the state's largest industry, education. The Vikings ensconced at the seat of government in Wellington commanded that the 'disciplines of the marketplace' be substituted for the existing structures. There was a myriad of good and proper reasons for a reforming

administration to attend to the education sector. Regulations strangled initiative, particularly in polytechnics and teacher colleges. The state examination and curriculum development systems had long been sites of contestation and a relatively expensive centralised bureaucracy seemed ripe for the plucking. It was also, however, the case that the universities had operated independently of the Department of Education for the best part of thirty years. The recipients rather than the creators of the outcomes of the system, they turned into a hybrid whipping-boy and milk cow in a decade during which successive governments struggled to square their own misbegotten circle.

To understand the developments of the past decade it is necessary to provide some context for both the players and the change project itself. In terms of the universities and for all the facile references to ivory towers, it needs to be stated that universities everywhere and in all periods have been creatures of their time and place. They are responsive to the rule-makers whether church, state or city fathers, as also to their students and those students' patrons, which is not to forget that academics are wily birds, practised in the arts of rule-bending and occasional conformity. As often as not, however, they simply cut and run, escaping to better conditions, away from too onerous regulation. It is, after all, not just since the wordsmiths coined 'competitive advantage' and 'globalisation' that New Zealand universities have been part of an international market. It is also the case that whatever the corruptions of state or corporate patronage, there is a particular set of values pertaining to the academy and a particular ethical frame within which scholars still mostly expect to work. These values had been hard fought for in New Zealand as elsewhere. They underpinned the contest which ensued when the state sought to restructure tertiary education.

The project developed by the Wellington apparachi was to alter virtually all the settled relativities through which New Zealand was governed and operated. The overarching intention which emerged was to shift New Zealand's governance from a general or universal rights basis to a contract-based society and polity. Along the way, citizens were redesigned as clients or consumers whilst the concept of 'stakeholder' was substituted for older notions of society and social obligation.

Universities operate on high trust and collegiality. They are labour intensive with relatively high unit costs. Highly specified contractualism suits neither their internal relations, nor their relations with the state. Properly, their systems of peer review are international and their contract with junior members is to provide ratings and degrees which are internationally recognised. The contract they implicitly make with academic staff is to provide the conditions in which they can do their best work.

The shift from citizenship to consumerism, user-pays and marketisation together with the managerialist dogma that accompanied the new contractualism necessarily brought the universities under the scrutiny of the Wellington aparat. Meanwhile, their cost, though arguably the lowest in the OECD, made them a target for populist politicians' easy shots. There was, that is to say, more than one agenda at the centre.

Education, as always, offered opportunities galore for parade of envy, prejudice and preconception. Which is say politics as usual. This 'politics as usual' fitted the Treasury passion for structural adjustment. Indeed, agenda seemed more to do with particular experiences and generalised perceptions than with the analysis or even the definition of problems.

Nevertheless, some facts about education and in particular its administration were broadly agreed by the nineteen-eighties. Since the early 'seventies, committees, commissions and enquiries had produced works which, on the whole, were of less consequence than the forests felled for their publication. The New Zealand version of the command economy in education had produced a large bureaucracy which dealt with primary and secondary schools, with colleges of education and an all-sorts further education sector in the shape of technical and polytech and community colleges. Over a long period the Department of Education had managed to invent regulations about absolutely everything from the ratio of scissors to primary school art classes to a hair-raising formula of weighted student hours which governed the way the polytechs were financed. Education was said to have been captured by the education bureaucracy and the teachers. The point is tendentious,

but it was small wonder in the circumstances that an appetite had grown for a cultural shift, if not a revolution.

None of this had anything very much to do with the universities, which had been outside the loop for the best part of thirty years since the establishment of the University Grants Committee. The universities' part of Vote: Education was negotiated by the UGC which in turn allocated resources among the institutions. Governments did, however, control the numbers of students they decided to pay for. Despite evidence of burgeoning demand, Treasury projections - and hence allocation - consistently undershot the marks which the universities themselves accurately forecast. Cabinets also failed to make timely provision for new buildings, attempting to micromanage demand in the construction industry. The rest of the tertiary sector suffered even greater interference and more serious constraints on their attempts to expand and diversify provision in response to demand.

The end result was that by international standards New Zealand in the mid-'eighties was educating at tertiary level an even lower proportion of its 18-plus cohorts than Britain. The universities had persistently admitted greater numbers than the state provided for, relying on something known as 'pipeline growth' to gain additional funding. At least the universities were free to make these decisions. Teacher training colleges were not. As a consequence their unit costs were the highest in the tertiary sector. As a further consequence there was seldom an adequate supply of qualified teachers. The merest glancing acquaintance with demographics was sufficient to explain recurrent shortfalls even without reference to the inadequacy of salaries and conditions in comparison with those in the countries to which New Zealand teachers persistently migrated. In the further education sector, polytechs were bucketed around in a command economy which signally failed to make provision in advance of industry demand.

Clearly, there had to be a better way. After a spell as Secretary of State, George Kennan suggested that the way to improve foreign policy was to export the entire State Department 'i' to somewhere outside the Loop and start again. This, roughly speaking, was what the Treasury Vikings favoured - slash-and-burn. What Education Ministers in the Fourth Labour Government favoured was a controlled bum-off at the centre in order to spend more at the periphery. In the event those burned off often reappeared as phoenix -consultants leaving the rump to burn out in a centre transformed with the appurtenances of the corporate life - long hours, data overload and much better furniture. Hence 'politics as usual', which is all about squaring off circles and re-allocating the same old shortages.

All sides in the debate were rhetorically committed to education as key to the nation's future. It was said to be key from an economic angle because of the need for a more highly skilled workforce. Its importance was argued from a social-political angle because there were deeply felt inequities in New Zealand society. What the protagonists failed dismally to define was any preferred future. Indeed, this would have been contradictory because the prevailing wisdom was that the market would provide. All that was necessary was to construct an internal market in education futures; the market would then give off 'signals' which consumer students would heed. This was a species of fatuity. The intellectual vacuum at its core was evident from the beginning. What was education for? Moreover, there was a deep irony in the attempt to devolve decisions to a market which was to be structured by central dictat and governed by regulatory quangos charged with such looking-glass tasks as making all qualifications relate to all other qualifications. In New Zealand's cultural revolution a hundred flowers were to be encouraged to bloom; but only if they shared the same DNA approved by the national Qualifications Authority.

The Fourth Labour Government inherited the consequences of its predecessors' sinking lid policy on public service appointments. Many of the best and brightest younger people had fled the nest. Few of those who remained, particularly after the new government's own shakeout, had much experience in the real world of management. Such experience as there was within the Department of Education was confined to the arcane arts of shaving dollars from the sums ostensibly earmarked

for universities in the budget. The university vice-chancellors had contributed to their own comeuppance by refusing to report to Parliament in any but the most general and uncommunicative terms. Hence, rips were generally uninformed and understandably somewhat resentful.

These two circumstances combined to ensure that universities were largely an unthought add-on to the policy that surfaced as Learning for Life. The temper of the times, elevated to the level of doctrine, was to advance a change programme with quite manic determination; to press forward with a policy, which was articulated only in terms of disjunctives. On the one hand, there were Government decreed goals - equity and skills. On the other, there were the means - devolution of responsibility for 'outputs conducive to the outcomes'. All of which was to be designed at the centre by people who had no more idea about how anything worked in real-time than had the man in the moon.

The rock-bottom problem for ministers was that not enough money could be found to provide for the increase in numbers in tertiary education. It was easier to blame the institutions for wasteful luxury than it was to admit that bringing more students into tertiary education involved an increase in unit costs. The politicians' solution was that schools and tertiary institutions should recruit full-fee paying foreign students; and that domestic tertiary students should pay what began as a flat annual fee of \$1,000. Meanwhile, however, the Vikings had developed more high-falutin' ideas.

Waste, according to these theorists, was inherent in free services. The kindest interpretation of the lengthy documents on education which Treasury officials presented to their political masters is that because they lacked all practical experience they were prone to moral panics. They made much of the lately fashionable theory of moral hazard. Translated this meant that unless everything was costed, every item of service contested or made 'transparent' and everyone paid everyone else for their services, we would all go to hell in a handcart. Moral hazard is a dressed up version of coals in the bath, an urban myth that was spawned in Britain fifty years ago. Improving the living conditions of the poor, it was said then, was a waste of money because they would only use their new baths to keep their coal in. The latter-day New Zealand version is that unless students face real costs up front they will frivolously choose to learn the useless things that irresponsible academics teach.

There is nothing intrinsically threatening about accurate castings though in the case of tertiary education they certainly posed a problem for cash-strapped governments. The problem is to arrive at a unit of account relevant to whatever the business is which thereby enhances rather than detracts from overall efficiency. The difficulty about learning at university level is that it does not lend itself easily to modularisation. Yet modularisation was what was decreed across the board for the education system. Imposed via the new qualifications formula on other parts of the tertiary sector, modularisation turned up in the universities under financial pressure and in response to a series of crude demands for performance measures. Whatever has to be counted and measured will end up dictating the how and the what of the production process. This was Vikings' Market Day and it enforced behaviour which undermined the norms of co-operative exchange which enable the constituent parts of the academy to function effectively.

The chosen mechanism for altering the way the system operated was called devolution. Devolution is when government hands over to each institution a finely calculated sum of money together with a list of what to do with it. This new form of the command economy was wrapped up in a scheme of charters and corporate plans which were to be negotiated between the institutions and the ministry. In the mouths of cabinet ministers, devolution was called 'empowerment' and came along with its rhetorical sister 'equity'. Equity is when everyone gets the same insufficient provision which the wealthier can then top up to ensure their continued advantage. In the mind of Treasury, on the other hand, devolution spelled risk to which its aversion became legendary and crippling.

That no university was actually indebted turned out to be irrelevant. Indeed, the thinking appeared to be that they should have to borrow because that would then enforce good market

behaviour. Furthermore, it was argued through the nineteen-nineties, it was important that students should be forced into debt in order to enforce 'responsible choice of courses. An Orwellian formula came to dominate: private debt, good; public debt, bad. And let no-one ask about private saving rates declining and skilled workforce emigration, or whether lower-cost courses with high-income outcomes were necessarily what the future economy needed.

As it happens the new contractualism and marketisation ushered in novel and flourishing forms of litigation underscoring the rationality of student options for business and law and away from science. The choice of low cost legal and commercial courses remained optimal. Only perverse behaviour on the part of the universities which persisted in charging flat fees enabled talented students to 'follow their noses into medical and scientific courses whilst J incurring no more than the average debt. By the end of the 'nineties, however, even the University of Auckland was constrained by rising costs to introduce differential fees. By then also universities and polytechnics were declaring staff redundancies and though total student numbers rose, target group recruitment declined relative to the Maori, Pacific Island and low income group cohort numbers.

The effects of rapidly accumulating student debt reached deep into the domestic economy and produced dysfunctional adaptations. Casual and hourly-paid employment throughout the secondary and tertiary education years impacted on student performance and forced a narrowing of courses. Far from having enhanced the skill-base, the effect was to erode it as qualified people skipped the country in search of higher paid employment. The returns on investment which were supposed to encourage students into higher level science and technology courses were simply not there in New Zealand. Grades, meanwhile, came to be regarded as contestable commodities among an increasing number of students desperate to succeed. Short answer and 'tick-one-box' tests narrowed the scope for argument and lightened the load on markers in undergraduate courses whose jobs became prone to casualisation.

What has been set up is not so much a market in education as a market in students. Encouraged by the rhetoric of the times to regard themselves as consumers of a product or purchasers of a qualification, students became instead a commodity. Whilst officials engaged in arcane and laborious argumentation in pursuit of a dividend-fixing formula or capital charge on assets, they contrived to miss the point that the assets of a university are the calibre of its staff and students, on the one hand, and the work which is produced, on the other. In sum, the market model is risibly inappropriate when applied with the crudity adopted in New Zealand.

Universities are complex and multi-focal institutions; they do not produce ball-bearings or sausages. Education does not happen in single budget cycles, nor do students fit into a single mould. The changes, indeed, were supposed to bring about greater student choice and variety of provision; but that is not what mass markets produce. Nor, if one parses the documents from the State Services Commission, does it appear that officialdom either wanted or welcomed diversity:

the accountability of tertiary institutions hinges on their ability to specify the services to be produced and the precise relationship of these to the Government's desired outcomes" the SSC declared. "Specification of both educational outcomes and outputs [in the corporate plans] is inadequate. The refinement of both educational outcome statements and individual performance measures is highly desirable".

The legislation which governed the developments of the last decade emerged from a manic process in which law drafting proceeded whilst working groups deliberated and before much critical policy emerged. The object of the operation was to square the circle between Market - the Vikings preference - and equity - the politicians' objective. Compromises were sought between risk management and devolution which compromises were intended to apply 'across the board' - a favourite mantra of the intellectually challenged. The market solution being both inappropriate and strongly supported, the exercise was doomed to end in muddle, waste and tears before bedtime.

The end product was a design straight out of Heath Robinson, Heath Robinson was the man who made drawings of extremely complicated bits of machinery which were designed to perform

simple tasks that humans had been doing for themselves since Adam was a lad. Under the aegis of the Qualifications Authority everyone was to spend their time reviewing and reporting on everyone else. Equity was to be achieved by ensuring that students had access to courses the delivery and minutely specified content of which was to be guaranteed with internal and external appeals procedures. From much of this the universities were initially exempted. They were, however, drawn inexorably into the low trust system that a risk averse state imposed on the variety of polytechs, colleges and private training providers which made up the bulk of the tertiary sector and which, it was decreed, could become degree-granting and certificate providing bodies.

The universities embraced the new managerialism which meant that the low trust formulae were then replicated in internal regulations that sought to produce performance measures sufficient to satisfy the state whilst retaining the shadow of autonomy. And that, as Rudyard Kipling might say, is called 'paying the Dane-geld'. The internal market demanded further libations; within formerly spartan administrations, publicity and public relations blossomed into directorates and style-police stalked the campuses. As the costs of competing for research grant monies escalated, they were laid off against undergraduate courses which looked more and more like cram-school.

There can be little question that universities needed to re-jig their management and get better accounting Systems. Academic representatives as well as lay members of university councils and financial officers had long wrestled with the confusions that had multiplied as student, faculty and course numbers increased. These problems were, however, worse confounded by attempts to adjust to reporting formats that satisfied the new state coda but bore a rather transient relation to the actual business of the universities. Given escalating transaction costs imposed by the state, it was public sector reporting requirements which were served at the expense of the policymaking function of university bodies.

In New Zealand as in Thatcherite Britain, devolution was the cover for centralisation of power. Intermediary structures, from local government through hospitals and universities, were hung about with directive legislation, fiscal regulation and contractual obligations. Unlike their British counterparts, however, the change merchants in New Zealand did not stop to consider that they could not command the tides and that working through agents involved not merely the odd temporary compromise, but actual co-operation.

Visiting British ministers were quoted as remarking how rapidly transitions had been made in New Zealand. Wellington spin-doctors saw to it that such remarks were to be understood as admiration. It was closer to the truth that they thought the pursuit of across-the-board, one-size-fits-all to be barking mad. Britain worked with - or against - recalcitrant reality, New Zealand applied ideology.

The theories applied had been spawned in the United States where the conditions were about as relevant to a cash-strapped population of three-plus million as was a prairie to a market garden. In real terms, New Zealand universities had been in the habit of accepting all-comers; there had been an open entry system with very low barriers to entry. On the other hand, the market within which the universities operated was not one which encouraged tertiary education. Since the GI Bill of Rights, the US federal government had lavished money on every fly-by-night college in the union and even more so under President Johnson's Great Society legislation. Forty years later lacking less than a skeleton of tertiary education provision, New Zealand was in no position to put much flesh on those bones. Nor was the country replete with wealthy alumni or billion dollar tax-avoiding foundations. A low wage economy was no environment in which to encourage competition for qualifications by encouraging family and student indebtedness.

One thing the slipshod vocabulary of competitive advantage and individual greed did produce in abundance; within three or four years after the new Education Act, there were more degrees in business than ever there had been freezing works. As against this, the maintenance of expensive courses in sciences and technology was conditional upon universities and the major polytechnics attracting fee-paying foreign students. The attraction of such students depended critically on the

academies' capacity to maintain their core business in good working order. The exercise became progressively more difficult as ranking academic staff were attracted to greener fields.

By the turn of the millennium, cabinet ministers were heard bleating abroad that the universities were not turning out enough science and technology graduates. In the vocabulary of the day, this was surely a classic case of 'being in denial'. Meanwhile, back in Wellington, the Ministry of Education joined in, complaining that tertiary institutions lacked 'a culture of internationalisation'. A country, which for the best part of the twentieth century, had 'grown its own' and exchanged them internationally was no longer either attracting or retaining sufficient numbers of skilled and qualified thinkers and doers. So far as could be ascertained, government intended to address the problem by restructuring (again!) the messenger-provider. The objective was to transfer yet more money away from the bulk funding of EFTS (equivalent full-time students) and then recycle part of the money back to the universities with appropriately enhanced transaction and opportunity costs.

Thirty-odd years ago, the Association of University Teachers convened a public seminar to provide a forum in which the universities could debate issues which had been raised by the Minister of Finance, Robert Muldoon. The Minister had said that maybe he would have to shift money around and maybe the universities should more directly service the needs of the state. He meant something like spending less on classics and more on engineering. A then professor in the Auckland School of Engineering provided what at the time was a traditional response in defence of academic freedom and university autonomy. Scholars who work in a university, Alan Titchener said, had three obligations: to their branch of learning; to their students; to society and in that order. The obligation to their discipline, he went on, entailed the integration of new knowledge with old and the contribution of new knowledge or ideas to their branch of learning. He might have added that education was about the future and that it was the job of the academy to facilitate rather than to constrain student choice; to be an enabler; to teach *connaissance* (knowledge) but to do so in such a way as to promote *savoir* - roughly, self-determination and the habits of scepticism.

The model today, however, is that of 'qualifications', of mass education. Competition between and within tertiary institutions has eroded co-operation and undermined altruism. Time is now spent on trimming teaching to fit performance review. Imaginative power is spent on selling the 'sizzle' of highly defined courses. Being responsive to the student-customer means adjusting courses to fit the diminishing time available, both student time and staff time. Nothing like this happens overnight, nor does this bleak picture describe a totality. The point is that these are the tendencies in undergraduate education. Which is all very well in larger and wealthier states with a variety of opportunities for further, higher and post-graduate education which are supplemented by training in occupational settings and supported through public and private scholarship provision.

A larger, wealthier country with a substantial and affluent middle class can support mass production in undergraduate courses. The trend in @BCD countries for three decades has been to expand elite provision and graduate school numbers and to finance a variety of research programmes broad enough to attract and retain both staff and students. That trend, moreover, has been reinforced by governments which habitually rely on research-based policy development and by industries which invest substantially in research. None of these factors was or is present in New Zealand. Fifteen years of reform and restructuring have squeezed the middle classes and compressed wages. Private sector investment in R & D remains abysmally low in an unfavourable taxation regime. The state funded Foundation for Research, Science and Technology operates in a confusion of changing directives in a mare's nest of outputs and outcomes.

In 1988 the New Zealand government set out to produce an internal market in education. Ten years on the official message seems to be that the signals from the market do not necessarily coincide with what ministers currently perceive to be the needs of the economy. That the market was neither the right answer nor the right question is beginning to find credence. Education is pre-eminently about the future which is best discerned by those to whom it belongs. Trading in

commodity futures is fine on a stock exchange. Virtual or real-time trades in living, breathing intellects is a little more problematic.