

RE-THEORISING AND RE-IMAGINING HIGHER EDUCATION: A REVIEW ESSAY OF SIMON MARGINSON'S *HIGHER EDUCATION AND THE COMMON GOOD* (MELBOURNE UNIVERSITY PRESS, 2016)

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In 2016 and early 2017, a number of articles were referenced on the TJ Ryan Foundation website about the current state and future of higher education. Examples included Ashenden's (2016) article 'Powerhouse or Gravy Train?', which argued that credentialism has been a driving and distorting force in the expansion of higher education and Quiggin's (2017) article 'In Praise of Credentialism', which was, in part at least, a response to Ashenden. Scott (2016, p. 1) lamented the 'the politics of inertia and delay' in higher education. Now Australian researcher, Simon Marginson, has published an ambitious new book on higher education internationally, which sets out to re-theorise what higher education is and re-imagine what it could be.

Marginson has been a prolific scholar of higher education (HE) and this, his latest work, is a tour de force – developing a powerful analytical framework drawing on insights from education, economics, sociology and other disciplines and covering systems from across the globe. The latter feature allows him to demonstrate how what appear to be inexorable global trends can be and are mediated by various national and local policy choices.

A primary concern of the book, as identified in its title, is to explore HE's contribution to the public good. Marginson argues one feature of this is that 'higher education can do much to build more equal and generous societies'. However, 'this will happen only if higher education is allowed to do so, and it chooses to do so. Neither is guaranteed, each is possible' (p. x).

Marginson covers a lot of ground in the book. This review essay will focus on his arguments in relation to conceptions of public and private goods in HE, human capital theory, market models of HE and his analysis of Australian HE. Inevitably, important elements of the book – such as his critique of global university rankings¹ – have been ignored or underemphasised.

Many critics have pointed to the effects of neo-liberal, market models on education (see, for example, Shumar, 1997; Olssen and Peters, 2005; Hill and Kumar, 2006; Apple, 2006; Rizvi and Lingard, 2010; Connell, 2013). Marginson argues that while marketisation and 'finance sector-driven budget austerity' (p. 17) have exacerbated the tendency of HE institutions to prioritise their role in delivering "private goods" over "public goods", the roots of the problem pre-date the ascendancy of neoliberalism. Additionally, the ways in which "globalisation" and "massification" – i.e. the dramatic expansion of student participation, and its failure to deliver greater equality of social opportunity (p. 21) – have shaped HE must also be taken into account.

Economic definitions of "public" and "private"

Marginson argues for a re-conceptualisation of HE's roles in delivering private and public goods. An important part of this is his critique of human capital theory (HCT) – 'the standard policy

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¹ An informed and detailed critique that is well worth reading on its own.

narrative about higher education' (p. 36) – and of its “counter-narrative”, credentialism. Both pre-date neo-liberal policy regimes. The former links growth in HE to growth in demand in the economy for graduate knowledge and skills. The latter links the enrolment growth to education's screening/sorting function in an increasingly competitive labour market. In Marginson's view, the emphasis of both approaches on HE's economic role excludes other important factors influencing demand and growth, and ignores or under-values important features such as the ‘jointly consumed collective outcomes of education such as social literacy’ (pp. 83-84).

Marginson traces the treatment of HE's public and private roles by economists to Samuelson's (1954) “pure theory of public expenditure” and identifies several problems and inadequacies with this approach (see, in particular, pp. 85-89). “Public goods” are those that are “non-rivalrous” and/or “non-excludable”. A good is non-rivalrous when it ‘can be consumed by any number of people without being depleted, for example, knowledge of a mathematical theorem, which sustains its use value indefinitely on the basis of free access’ (p. 85). A good is non-excludable ‘when the benefits cannot be confined to individual buyers, such as clean air regulation’ (Ibid.). Private goods are those that are neither non-rivalrous or non-excludable (that is, are rivalrous and excludable).

Due to their nature, it is argued that public goods are often incapable of or unsuitable to being delivered on a for-profit basis. The role of government is to ensure the provision of these goods where the market is incapable or unwilling to do so.

This economics-based approach deals well with the individual (private) benefits of HE and is useful in that it ‘correctly identifies market failure as the basis for fixing a minimum necessary level of public spending on education and research’ (p. 86). However, Marginson observes that it rests on several assumptions that are problematic. First, it presumes a capitalist economic order: ‘private business [is seen] as the default producer, except in cases of market failure’ (Ibid.). Second, the private or public nature of a good is seen as something ‘intrinsic to the nature of that good, universal, unchanging and unrelated to context’ (Ibid.). In Marginson's view, ‘this is sometimes but not always right’; the character of a good can be ‘shaped by politics or social arrangements’ (Ibid.). For example, primary school education is commonly treated as a collective public good in modern Western nations, but this is a policy choice rather than an inherent characteristic of schooling.

Additionally, this approach treats the relationship between public and private goods as a “zero sum game”. Goods are seen as either public or private – leading, for example, to government funding policies based on purported analyses of public versus private costs and benefits. An increased focus on individual economic benefits is seen as necessarily involving a reduced focus on general public benefits:

When zero summism is combined with an emphasis on private goods, this shrinks to almost nothing the discursive space in which to observe, measure (where possible), expand and improve public goods in higher education. (p. 110)²

This fails to recognise that ‘under some circumstances, public goods and private goods are not alternatives but additive’ (p. 86). Further, ‘market-based private goods and non-market goods are not two sides of the same coin ... [but] are qualitatively different’ (p. 87).

Finally, the economics-based approach is ‘poorly equipped to deal with larger collective goods’ (Ibid.) and ignores the normative dimensions of education and of policy relating to it.

Marginson does not reject an economics-based approach but argues that it needs to be augmented by a political approach drawing on the ideas of John Dewey (1927) – and to a lesser extent Jurgen Habermas (1989). In the political approach, some social relations are recognised as

² Marginson also notes that the acceptance of ‘the necessity for a low-tax political economy – a significant move away from the notion of common good’ (p. 129) also contributed a view of HE as an individual private good to be financed primarily through tuition rather than through public funding.

having significant implications for the community in general (the public) and a valid political decision can be made for these relations to be addressed by government (or the community) regardless of whether they could be provided in a competitive market.

Political definitions of “public” and “private”

In defining the public and private spheres in political terms, Dewey argues that some social relations have significant implications for the community in general (the public). Such a relation attains the status of a “fully public” matter if ‘two successive decisions are made – (a) to treat it as a public matter, (b) to address it through government’ (Marginson, p. 90). Importantly, ‘Dewey also notes that “public” is not an unambiguous good ... government is neither intrinsically high-minded nor intrinsically corrupted’ (p. 91). Therefore, the encouragement of forms of ‘open-minded collective deliberation and rational decision-making’ (p. 90) is important.

For Marginson, while it also has its flaws, applying Dewey’s approach to HE has several advantages over an economic approach based on Samuelson. In this approach:

... any or all aspects of higher education can be public or private. Potentially, education or research are matters of public consequence if they affect enough people ... The political definition creates open scope for policy norms and political choices. It is more effective than Samuelson’s economic definition in identifying and regulating collective goods such as social equity in universities. (p. 92)³

An alternative political approach (which pays more attention to the relative autonomy within the state of institutions of HE) can be based on the work of Habermas (1989), who identifies the “public sphere” as ‘located between civil society and the state’ (Marginson, p. 92). In building on this concept, Calhoun (1992) argues that universities can be seen as semi-independent communication spaces providing ‘constructive criticism and strategic options, and expert information that helps state and public to reach considered opinions’ (Marginson, p. 92). Such an approach suggests that ‘one test of a “public university” is the extent to which it provides space for criticism, challenge and new public formations’ (p. 93).

Combining economic and political approaches

Combining political and economic narratives, using a horizontal axis based on a state/non-state distinction and a vertical axis based on a market/non-market distinction, enables the creation of a four quadrant typology of the political economy of HE (see Figure 4.1 and discussion, pp. 94-103).

As depicted in Figure 4.1 (p. 95), Quadrant 1, labelled “Civil Society”, is an arena of non-market, non-state activity marked by private learning and self-scholarship. Teaching and research can have many “public” flow-ons but are not “public” in the sense that they are publicly funded or regulated. It is:

... a private domain, [but] it is not an individual or family domain separate from society. It is a relational and communicative domain that includes social networks (social capital) sustained through universities. (pp. 96-97)

Quadrant 2, labelled “Social Democracy”, features high access to learning (including perhaps free tuition), low differentiation between institutions and courses, and publicly funded research (ideally driven by ‘curiosity and merit, not competitive acumen or university status’ (p. 97)). It ‘combines non-market economic public goods with political economic goods, shaped and largely financed by public processes and government’ (Ibid.). ‘While it is technically possible for collective goods to arise in all four quadrants, the potential for public goods as such is maximised in Quadrant 2’ (p.

³ Marginson notes, however, that ‘this does not mean that all public aspects of higher education should be state driven’ (p. 92). See discussion below of a political approach based on Habermas.

95). Marginson observes that the border between Quadrants 1 and 2 can be porous, for example where educational functions are publicly determined but delivered by civil organisations.

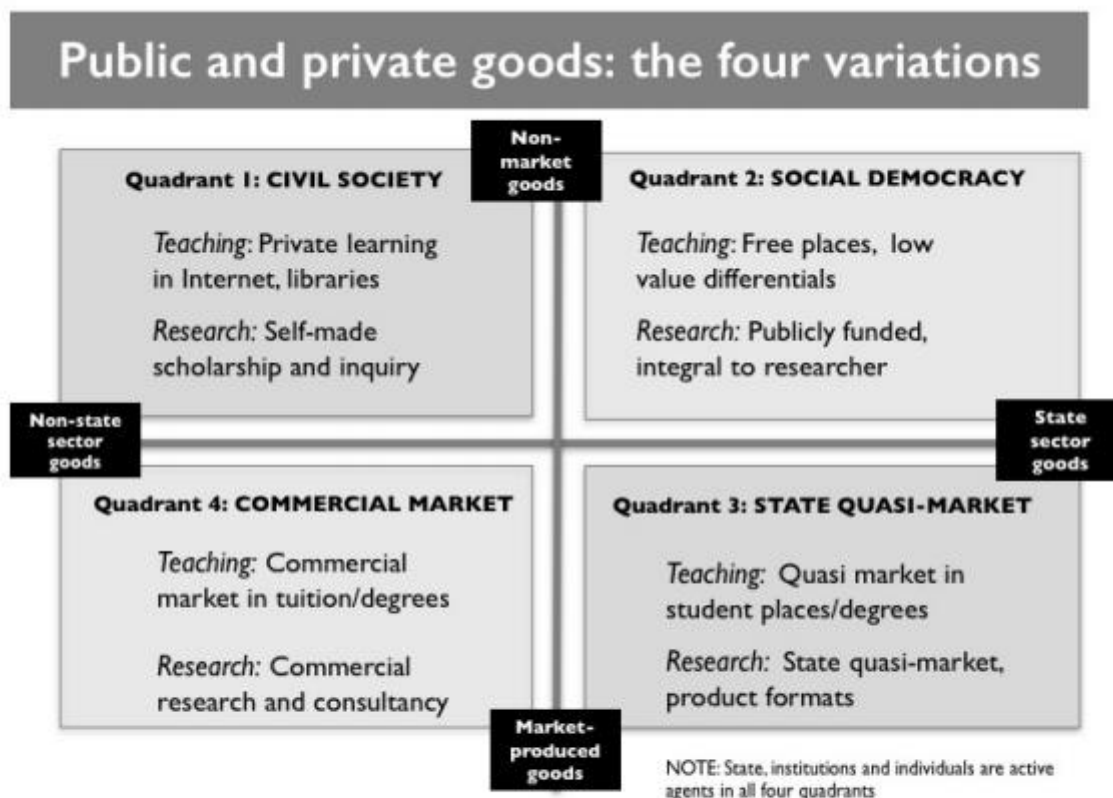


Figure 4.1: Combining the economic and political definitions of public/private goods in higher education: four Quadrants, four political economies of higher education

In Quadrant 3, labelled “State Quasi-Market”, the state retains a significant role but teaching and research activities are subjected to competitive market mechanisms and the public role of institutions is ‘framed in terms of the needs of the capitalist economy’ (p. 95). This is the ‘most common approach’ (p. 96) and has been an expanding quadrant in recent times. Nevertheless, the tensions between the “economically private” and “politically public” inherent in this approach are ongoing and irreconcilable: ‘the expectations created by its politically public character ... are continually undermined by the market dynamic’ (p. 98; see discussion below of Marginson’s critique of market-based approaches to HE).

Quadrant 4, labelled “Commercial Market”, features a strong commercial market that drives teaching and research with little state intervention. This quadrant ‘houses commercial research and consultancy, and for-profit degrees’ (p. 98). In practice, the state retains a role; Marginson cites the regulation of commercial transactions and the state subsidisation of student loans as examples. He also notes that the full marketisation/commercialisation of HE is impossible for two reasons:

- ‘the natural public good character of knowledge’; and
- ‘too much is at stake for public and government, including social equity, to let higher education go’. (Ibid.)

Marginson observes that:

Inevitably ... some [teaching and research] activities are positioned on boundaries between quadrants, moving between quadrants over time, or located in more than one quadrant.

Real life higher education systems, and individual HEIs, are not solely located in one quadrant. (p. 96)

Globalisation has expanded the scope for public goods in HE to be shared. Marginson cites 'cross-border capacity building in developing countries', the 'fostering of global cosmopolitanism', and 'collaboration on common problems like epidemic disease' as examples, but notes that 'all scholarly knowledge that crosses borders' is a global public good (p. 100). However, in the global sphere, 'public production is limited by the absence of a global state', thus all global public goods are defined solely in economic (and not political) terms (Ibid.). Marginson argues that this contributes to the "under-recognition" and "under-provision" of HE public goods.

Marginson's typology is extremely useful heuristically: not only as a tool for analysing how existing systems and institutions vary in the degree to which they reflect features of the various quadrants, but in demonstrating that what often appear to be inexorable global trends can be and are mediated by various national and local policy choices. Importantly, Marginson argues that:

... [T]here is a broad overall territory for the production of public goods. There is very substantial scope for managing defined public benefits via the political and policy processes ... with a choice between market and non-market production and distribution. Civil society suggests an even larger potential for creativity in education and knowledge. (p. 104)

In Marginson's view, 'it is possible to contemplate multiple public goods while acknowledging that higher education also supplies considerable private benefits' (p. 110).

Public goods, the public good and social equity

Marginson explores the questions of 'what are the actual public goods produced in education, and how do these specific public goods fit with the larger idea of "public good"' (p. 104). He argues that the scope for the production of public goods is considerable:

Far from society being largely a private market, there is a broad overall territory for the production of public goods ... Yet while there are well-established methods of understanding private goods in higher education, no comprehensive system has been developed for identifying public goods and public good in higher education. (pp. 104-105)

In Marginson's view, 'the problem of public goods is conceptually and methodologically challenging' and addressing it is complicated by the fact that 'market ideologies and business models claim that they cover the whole of higher education, but ... are able to comprehend only part of it' (p. 105). The result is that public goods in HE are 'under-recognised, under-monitored and under-financed' (Ibid.):

Then there is the larger question of the composite public good (singular) or common good, as distinct from specific public goods (plural). Is it possible to grasp the public good comprehensively in the sense of observation and measurement? (p. 106)

Among the large public goods that 'constitute policy goals in most [HE] systems' are:

- 'the contribution of research in higher education to product and process innovations in industry';
- 'engagement [by universities] ... with and contributions to ... local populations, cities and subnational regions'; and
- 'the internationalisation of institutions and systems via student and academic mobility, cross-border collaboration and joint programs'. (p. 119)

Of particular importance is social equity, 'which along with research is arguably the most important public good ... produced in higher education' (p.106). Though social equity is 'profoundly entrenched as [a] public matter ... in all societies', it has a 'broad range of meanings, in higher

education and elsewhere' (p. 116). It is 'normative and custom-bound, and varies according to the specific setting' (p. 117).

In Anglo-American countries, Marginson identifies that the discourses of equality of opportunity and human capital theory both 'support open-ended expansion of higher education' (p. 117). Two significant notions of equity in HE build on this foundation. The first is 'equity as social inclusion'; the second is 'equal access of students from all social groups to opportunities' (Ibid.). Theoretically, greater attainment of the former (through the expansion of HE) contributes to realisation of the latter. However, this relationship is frustrated by the fact that in practice HE itself remains – and arguably is increasingly – highly stratified, places have unequal social value:

[H]igher education everywhere is a positional good ... the positional function is irreducible ... the social sorting role of higher education is as important as its formative effects on individuals, or the absolute opportunities it brings ... As absolute participation grows, relative outcome – relative position – kicks in with greater force ... In an unequal capitalist world, the more inclusive social systems become, the more power is vectored by zero-sum ... The only way out of the zero-sum is to establish egalitarian systems in individual sectors ... that modify the capitalist dynamic and render unequal social position as such less important as a goal. (p. 206)

Anglo-American countries, which Marginson describes as "limited liberal states", are constrained in their capacity to effectively deal with issues of social equity in HE due to their adherence to 'arbitrary distinctions between public/private and state/market/civil society' (p. 121). Marginson warns, however, against over-stating the limitations of these states: 'limited liberal government can be potent in action, more so in non-commercial sectors like higher education' (p. 122).

In what Marginson describes as "comprehensive states" such as the Nordic countries, China and Russia, 'the boundaries between state, economy and society are [more] porous' (Ibid.), and the capacity for the state to intervene to promote social equity and other public goods in HE enhanced. Marginson suggests that 'there is much to be gained by examining public goods in higher education in a comparative framework', particularly since 'in Anglo-American societies ... understandings of public good(s) in higher education have become ideologically frozen' (p. 125).

Critiques of HCT and market-based approaches to higher education

Marginson's critique of HCT as it is applied to HE (where it is "hegemonic", p. 130) is an important contribution to political economic scholarship. He traces its development from the 1960s – an era of high economic growth and relatively high social mobility – where its 'meritocratic and utopian' assumption 'that all graduates could obtain a good job' (p. 131) was seen as unproblematic. Despite HCT's subsequent incapacity to deal with 'conditions of majority participation in higher education, low per capita incomes ... macro-economic stagnation, or fast-growing inequality in the economy or society ... [it] retains its original political logic [and influence] for states' (p. 132).

For Marginson, the HCT assumptions that 'intellectual formation constitutes a mode of economic capital ... [and] that higher education is essentially preparation for work and careers and that nothing else about it is as important' (p. 131), are not only theoretically flawed, but have had significant detrimental effects on HE.

HCT ignores or underestimates the effects of other forms of capital – 'economic, social and cultural' – and unifies HE and work:

... at the cost of suppressing much that is distinctive about each ... Education-work relationships are multiple, context-bound, fragmented and uneven, and must be continually worked on. In the utopia suggested by human capital theory, the passage between higher

education and work is a simple end-on process, much easier and more straightforward than it really is. (pp. 132-133)

Marginson outlines 'four problems of meta-method in social science' which affect HCT:⁴

- 'claims to universal theorisation based on a single lens';
- 'closed system modelling of social relations';
- 'the application of mathematical tools to inappropriate materials'; and
- 'the use of multivariate analysis of social relations despite the fact that the variables are interdependent'. (p. 133)

The problem of a single, universal lens relates to the proclivity of researchers to employ a "master" theoretical template and set modes of 'observation, data analysis, synthesis and exposition' (p. 134). Seldom, however, are the theoretical orientation and its attendant methodologies used reflexively 'so that the theory itself is open to evolution and refutation' (Ibid.). Instead:

As the successive papers replicating the same theoretical set roll out, the weight of argument seems to "prove" the master theory, but it is a test of theory that guarantees its own results ... Although the empirical sites might be changing, the argument does not. The reader knows the story and can predict how it will end before the journal article has really started. (Ibid.)

The ontological assumption underpinning such an approach is that 'there is only one possible truth about social phenomena and that particular truth has absolute authority' (Ibid.) Such an assumption is unwarranted and creates two important lacunae in such social science research:

First, the reach of research falls short in sites where the one lens does not readily apply to the material. Second, other possible explanations, arising from the use of other lenses, are confined to oblivion. (Ibid.)

Marginson notes empirical evidence, for example, that screening effects, as argued by credentialists, 'are [also] at play' in the interaction between HE and the labour market, but that 'the custom of the universal lens is so well entrenched that researchers feel obliged to choose between the two [i.e. between screening theory and HCT]' (p. 147).

In relation to closed systems, Marginson (pp. 135-136) cites Lawson's critique of mainstream economics, which depicts the economy as a closed system operating on the basis of deductive logic, that is, certain "event regularities" ('whenever event x then event y') are treated, 'in effect, as laws, allowing the deductive generation of consequences or predictions, when accompanied with the specification of initial conditions' (Lawson, quoted in Marginson, p. 135). Such an approach ignores that in real-life contexts such regularities are 'hard to come by' (p. 136) and events are subject to 'other structures and agents and to historical contingency' (p. 135).

Marginson points out that 'not all intellectual problems are open to mathematisation' and that 'when mathematical methods can be used ... these methods [are not] alone sufficient to explain social relations' (p. 136). Marginson notes that, in economics, mathematical methods 'have moved from one set of techniques among several ... to master status' (Ibid.). He invokes Keynes as observing that 'mathematical reasoning, although formally rigorous, was hostage to the quality of the initial assumptions' (p. 137). Too much econometric research, in Marginson's view, pushes mathematical and statistical methodologies beyond their analytic capacities. Correlation is confused with causation and too little attention is paid to contexts and conditions.

⁴ And, singly or in combination, many other social science theories. Marginson notes in passing, for example, meta-method issues relating to the application of Bourdieusian and Foucauldian theoretical approaches.

Following Keynes, Marginson argues that 'statistical analysis ... could be valid only when the variables were wholly independent of each other' (p. 139). Yet the factors affecting education, work and social inequality are numerous and highly interdependent rendering the appropriateness of much economic multi-variate analysis highly questionable. In relation to HCT studies that seek to identify private rates of return to individuals of HE, for example:

Statistical methods design[ed] to eliminate the effects of all factors other than higher education flounder given the number of variables, the interdependency between them and the impossibility of isolating each separate causal factor from all the others. (p. 139)

These methodological problems manifest themselves, for example, in the incapacity of HCT to 'explain substantial variations in graduate incomes over time, nor differences in patterns of income distribution, and top-end earnings, in countries with similar higher education' (p. 143). Further, HCT is unable to deal adequately with variations in the ways in which qualifications in different discipline areas (e.g. liberal arts, music, law, business) interact with labour markets. Importantly, HCT lacks both an explanation of and empirical evidence for how education enhances productivity in the workplace.

It is important to note that Marginson does not argue for the complete abandonment of HCT or of statistically based inquiry into the relationships between HE and work. These have a role to play in enhancing our understanding of these relationships. What does need to be abandoned, however, is the 'drive for one universal explanation' (p. 148). In its place should be a recognition that 'all truths are partial truths ... all research on the association between education and earnings, rates of employment and occupational status is necessarily incomplete, [and] both quantitative and qualitative research can be suggestive' (p. 150).

Marginson argues that:

... just as human capital theory's idea of relations between higher education and work does not exist in the real world and never could exist, so the textbook economic market in higher education does not exist either, and can never exist. (p. 150)

We turn now to his critique of market-based approaches to HE.

Marginson describes neoliberalism in the following terms:

Neo-liberal discourse models the world in terms of functioning capitalist markets. Its policy objective is to reform institutions, systems, subjects and behaviour to render them instrumental for capital accumulation ... Erstwhile public functions are reconceived using financial rationales and business templates, pushing some functions into the market economy and refashioning government as the "market state" ... and the global "competition state" ... Neo-liberal discourse also functions as a "social imaginary" ... constituting what is seen as possible and inevitable. (p. 153)

The intellectual foundations of neoliberalism were laid by Hayek (Caldwell, 2014) and Friedman (1962), among others, but as Marginson notes, 'there was little policy take-up' until the election of the Thatcher government in the UK in 1979 (p. 152). Subsequently, its take-up – in Anglo-American countries especially – proceeded apace. Marginson notes that a 1997 article in *Higher Education Policy* reported that policies driven by 'concepts of competitive markets' had attained a 'central role [in] many countries' (Dill, quoted in Marginson, p. 152). Marginson concludes that 'market reform has been the main policy game in higher education for a generation' (p. 153). However, he also notes that it is not the only policy agenda in HE. Increased social participation, socio-economic and gender equity, and community building are examples of other agendas that also pursued.

The introduction of the neo-liberal market model (NLMM) in HE has proceeded on two fronts: the ascendancy of “new public management” (NPM) and full commercialisation. NPM, which is ‘ubiquitous’ in HE, is a ‘hybrid set of organisational practices’ such as ‘bureaucratic control systems that emphasise audit and accountability’ and ‘transparency and individuation’ (p. 154). These are intended to align management practices with those used in private, for-profit organisations. Under NPM, HE institutions are ‘steered [by governments] from a distance using a mix of competitive incentives, contracts, planning, output measures and audit’ (Ibid.).

NPM resonates with the neo-liberal social imaginary and serves to reinforce the idea that the competitive market provides the model for how HE institutions should be run. However, it preserves a strong role for governments and stops significantly short of full marketisation.

While ‘the idea of the full capitalist market has achieved a powerful hold on the imagination’, a fully-fledged market in HE ‘does not exist in higher education anywhere’ (p.155). On the one hand, adoption of NPM allows governments to demonstrate their ‘neo-liberal credentials’ while retaining control of HE (p. 155). On the other, it ‘provides favourable real-world conditions for advancing more hard-edged marketisation reforms’ (Ibid.):

Where higher education has failed to achieve the NLMM, this suggests the need for reforms to close the gap. In this manner the NLMM template continually drags policy and practice toward itself. (p. 156)

Despite the ongoing push to achieve full marketisation in HE, realisation of this goal ‘remains fairly distant from real-world practice’ and ‘the state seems to loom as large as ever’ (Ibid.). Marginson explores the ‘constituent elements of a capitalist market in higher education’ to examine ‘why reform has failed to install the NLMM (Ibid., emphasis in original):

Is the NLMM an impossible goal, or is it merely a victim of weak implementation? Can a capitalist university market ever be achieved? (Ibid.)

An important insight of this analysis is that, while ‘competition plays a central role in higher education ... most of this competition is not orthodox economic competition’:

For example, competition for public research funding is a bidding game rather than an economic market. Traditional status competition [between institutions] is not driven by economic bottom lines, or measured by economic outcomes ... In addition, much competition in higher education is defined, fostered and regulated by government ... In the mainstream education of local citizen students in universities,⁵ competition for market share and economic revenues is constrained or non-existent ... In most countries institutions compete for the best students but not in buyer/seller economic markets ... The number of places in elite institutions is restricted: they do not expand to meet demand in the manner of the makers of prestige manufactured goods, or they would cease to be elite. (pp. 158-159)

Growth in HE is driven by policy rather than market forces. Similarly, the level of tuition fees (consumer costs) is largely determined by ‘political and educational cultures’ (p. 162). In relation to the latter, in most cases students pay less than half the full cost of tuition – it would be difficult to find an analogous situation in any true economic market. Efficiencies are sought and achieved, but these are fostered by quasi-market policies and techniques (such as NPM) rather than driven by market forces: ‘there is no direct link between specific costs, specific revenues and efficiency’ (p. 163).

There are examples of fully commercial (Quadrant 4) activity in HE, some which has ‘economic weight’ (p. 164). Marginson identifies three significant modes of for-profit activity:

⁵ The higher education of international students operates more closely to a market model (see below).

- 'commercial universities';
- 'commercial vocational education and training'; and
- 'for-profit international education'. (Ibid.)

Nevertheless:

... the core of higher education remains the non-profit first-degree education of local students. This sets the nature of the product. It continues to lead the economics of higher education. And it remains essentially non-capitalist. (Ibid.)

Marginson identifies two sets of factors that have inhibited full implementation of the NLMM. One set is intrinsic and relates to the nature of knowledge and the nature of status competition; the second set is political.

Knowledge, Marginson argues, is close to:

... a pure public good ... once circulated its market value is zero ... Those outcomes of research that take the form of new knowledge or know-how can be distinguished from particular manifestations of that knowledge in the form of intellectual property such as patents and copyright. Once circulated the former outcomes of research are non-excludable as well as non-rivalrous ... [T]he knowledge contents of student learning in higher education are also public goods ... Graduates are not rewarded in labour markets for knowledge but for private goods: vocationally specific skills and the brand on the degree certificate ... [E]ven in elite institutions saleable skills and brand status rest on the knowledge-conferring role of education. The private goods depend on public goods nested in the institutional settings where value is created. (pp. 165-166)

A significant problem for the NLMM project is that 'the knowledge-oriented component, often described as "general education", must be subsidised by non-market sources such as government, philanthropy or non-profit institutional provision, or the private value of student places will be weakened' (pp. 166-167). Furthermore:

Knowledge in the intrinsic form, created by discovery and original know-how, could function as a continuing commodity only if excludability was firmly maintained. Such a regime would undermine the norms of creative collaboration and innovation, reducing the total knowledge produced. (p. 167)

Additionally, the practical difficulties of maintaining the excludability of any given bit of knowledge would be immense.

A second problem for NLMM is that, in the positional competition amongst universities, it is institutional identity and status rank order that are 'the most important factors ... not the standard of their outputs' (p. 168). In this status competition: 'the elite sector ... cultural practices are highly influential in defining the norms, standards and imaginary of higher education, beyond the boundaries of the elite subcentre itself' (p. 171).

Marginson identifies four particular features of this status competition:

1. '[S]tatus markets are constituted by both producer competition and competition between students for places in top institutions';
2. '[E]lite institutions do not expand to realise all possible demand';
3. '[R]ank-ordered positional goods are not just scarce like all economic resources but also scarce in absolute terms. Only one institution can occupy each rank'; and
4. '[E]lite competition is largely closed to new entrants'. (pp. 168-169)

Just as the NLMM misunderstands the nature of knowledge, it misunderstands the nature of competition in HE. Issues such as the maximisation of returns and revenue, share value, and

market share are either irrelevant or take a back seat to issues such as: 'the education of future leaders, research, cultural distinction, institutional social position, fame, historical power' (p. 169). While there are some similarities with an economic market, there are key points of difference, for example:

... the market is not contestable. Prices do not mediate supply and demand. Producers do not maximise volume, market share or the rate of profit. (Ibid.)

In addition to the problems that are intrinsic to the NLMM, there are some formidable political obstacles to its full implementation. One involves the risks to government of dismantling the current system of status competition in HE. Such a project would cause considerable consternation amongst and presumably opposition from powerful interests that have been the beneficiaries of the system. Further, its replacement by a market-based system would inevitably see new hierarchies created in perhaps unpredictable ways.

Additionally, all governments recognise the necessity of funding the public good dimensions of HE – albeit that some do so begrudgingly and most look to minimise the costs of doing so. As noted above, it is a well-accepted principle of mainstream economics that market failure to deliver public goods constitutes a requirement for these to be government funded. Effects such as improved productivity, innovation, scientific and cultural literacy, and social equity are important contributions to the ongoing functioning and stability of a society. As Marginson notes, 'government cannot abstain on economic social goods' (p. 172).

This links with another important political factor: 'public intervention in higher education is widely accepted and expected' (Ibid.) by the public in general. Abdication by a government of its role in HE would be in conflict with public expectations.

Finally, governments have vested interests and agendas of their own in HE: 'the intended outcomes in higher education are at least as much political as solely economic' (p. 174). While governments adopt the neo-liberal imaginary in relation to HE policy, they also pursue other ends, including to 'build their own political capital' (p. 173). The NLMM is applied selectively so that 'the system drivers remain decisively regulated by the states' (Ibid.).

The intrinsic and extrinsic obstacles to full implementation of the NLMM are insurmountable. Marginson concludes that the NLMM project is 'utopian, and the abstract ideal is sustained for exogenous policy reasons, such as fiscal reduction, government control, and the governmental desire to order educational contents' (p. 178). Pursuit of the NLMM has been damaging to HE in important ways:

[I]t radically undermines the potential for common-good approaches to higher education ... [It] obscures the role of higher education in social and individual formation, while absorbing the time and energy of HEI [higher education institution] leaders, academics and administrators in processes that do not contribute to learning or research ... (Ibid.)

In the end:

Neo-liberal competition policy is its own self-fulfilling prophecy. It remakes education in terms of its own assumptions. If it is successful, it installs the public/private trade-off and over time successively reduces the scope for, awareness of and material support for public goods. (p. 240)

What is needed is:

... a more authentic modernisation reform agenda ... that is focused on public goods as well as private goods ... a normative model ... that is more nuanced and more sector

specific ... [and] which would establish a dynamic of reflexive continuous improvement across the full range of activity in the sector. (p. 178)

Australian higher education

The penultimate chapter examines Australia's higher education system as a case study.

Marginson notes that, while there are a number of features of Australian political economy that are distinctive, it fits squarely in the category of a "limited liberal state". In recent times:

It has moved closer to the temper of the other limited liberal states. In government the space for imagining and practising the public good has shrunk. The present dominance of neo-liberal financial management suggests that this will not change soon. (p. 245)

In HE, governments have adopted a Quadrant 3 approach to HE 'with alacrity because it enables them to diminish expectations about universal entitlements and restrict their own spending while retaining control' (p. 247). Nevertheless:

Equity ... in the form of social inclusion, participation and completion, receives significant attention in public policy. The approach is ... focused on the extension of higher education to social groups that have been under-represented rather than on redistributing access to high-demand elite HEIs. With the new opportunities created by expanding participation effectively utilised by the middle class, it has proven difficult to move the system closer to proportional inclusion of low socioeconomic status and Indigenous students. (p. 245)

In addition to equity, the other 'taken-for-granted' policy assumption relating to HE's contribution to the public good is that it 'should contribute to the economy' (p. 246).

The Australian HE system is 'highly centralised in regulatory terms' and 'experienced one of the earliest and most complete neo-liberal system reforms' (p. 244).⁶ These were instigated from 1987 by a federal Labor government and are known as the "Dawkins reforms" after the education minister who oversaw them. Key components of these reforms included:

- A significant expansion of enrolments;
- Institution of income-contingent student loans collected through the taxation system – as a means of financing expansion and minimising the disincentive effects of increased tuition fees;
- Encouragement of HEs (within a regulatory framework) to operate in more business-like and entrepreneurial ways;
- Development of a regulated commercial market in international HE (which would subsequently grow spectacularly);
- Creation of the Unified National System (UNS) of universities, which entailed abolition of the binary division between universities and colleges of advanced education, with the latter either amalgamating with the former or becoming universities in their own right;
- Constitution of the UNS (theoretically and rhetorically at least) as a system of institutions that compete with each other for students (national and international), research funding, consultancies and commercial services. (see pp. 249-253)

An immediate effect of these reforms was a rationalisation of HE delivery, with 64 institutions reducing to 36. A further effect has been a homogenisation of the university sector. Far from a competitive market fostering a diversity of provision, 'mission statements and strategic plans became uniform' across the sector (p. 253). The model adopted by virtually all HEIs was of a comprehensive research and teaching multiversity. Factors contributing to this "isomorphism"

⁶ Unlike the United States, for example, private universities in Australia play a minor role, as of 2014 enrolling only 8 per cent of students (p. 252).

include that, on efficiency grounds, the federal government actively discouraged the establishment or preservation of small specialist institutions, that 'the maintenance of institutional brand value ... demands stability', and that 'governments find it easier to administer homogeneity', but most importantly that the nature of supply-side competition strongly encourages risk minimisation (pp. 253-254).⁷ Marginson concludes that 'the regulated template [of the UNS], while providing a floor below which no HEI could descend, and more or less maintaining the status of HEIs at the top, has inhibited each of the horizontal diversity of mission, strategic creativity and peak research performance' (p. 254).⁸

The top universities at the time of the restructuring, the so-called "Group of Eight",⁹ have maintained their positions as the leading institutions of HE. Marginson describes the current situation as one in which status distinctions are 'not categorical, but calibrated' (p. 257):

In the competition between HEIs ... universities below the top are positioned as inferior imitators of the leading research-intensive HEIs, and become arranged in a long vertical continuum in descending order of research activity, student selectivity, resources and prestige. (p. 256)

Some aspects of regulation of the UNS limit or reduce some of the potentially undesirable features of competition amongst HEIs. Measures such as the capping of tuition fees and the funding of PhD scholarships, for example, have meant that 'the Group of Eight hold their market position but do not greatly improve it' (p. 261). The income-contingent student loans scheme reduces the impact of socioeconomic inequality (though other exogenous factors are at play that sustain social stratification). All in all, however, these measures are ameliorative rather than substantive in their nature and effects.

A significant feature of Australian HE is its high level of enrolment of international students. The enrolment of international students has become a major source of income for Australian HEIs. Unlike, arrangements for domestic students, 'there are no constraints on the maximum level of international student tuition' (p. 258). Even the "elite" research universities recruit heavily amongst international students:

These universities have become both highly selective providers to local students and demand-responsive providers to international students. They work the contradiction in their favour: local prestige and global rankings facilitate mass student recruitment in ... Asian nations. (p. 259)

Marginson concludes that 'Australian Government has a strong supervisory capacity in higher education and could advance the production of public goods if it was so inclined' (p. 263). Unfortunately, successive governments have adopted a neo-liberal policy frame that positions 'HEIs as self-serving corporations, rather than public institutions' (Ibid.).

Conclusion

In his conclusion, Marginson posits two ideal types for HE: one (the US model) in which 'higher education and society are characterised by a relatively narrow scope for common goods, atomised

⁷ Marginson notes that the exception to the trend to homogeneity is international education, where there has been a diversity of approaches due to the facts that it is 'financed by market revenues, and the HEIs are free to build relationships, and because there are few historical norms to conform to and thereby lower risk' (p. 255).

⁸ Specialist institutions such as the Queensland College of Arts, the Queensland Conservatorium of Music and the Victorian College of the Arts were absorbed into larger universities. Innovative "avant-garde" universities such as Griffith, Deakin and Murdoch adopted the multiversity model.

⁹ The University of Melbourne, the University of Sydney, the University of Queensland, the University of New South Wales, Monash University, Australian National University, the University of Western Australia and Adelaide University.

competition, a strong and exclusive focus on private goods and stratified value in education as one of the gateways to private goods in gated communities'; and another (the Nordic model) in which 'higher education and society are characterised by solidarity and the provision of shared high-quality benefits, which are both private and public at the same time, with social equality as both means and end' (p. 267).

Neither ideal type exists as such in the real world. All HE systems incorporate elements of both. The key questions are: what is the extent to which the features of one or the other have been adopted? What is the direction in which the balance between the two models is moving? What are the implications for the potential of HE to contribute to the public good?

Currently in Anglo-American countries the balance is clearly weighted in favour of the US model and the trend appears to be that it will become even more influential. The implications have been a much reduced scope for the production of public goods and increased social inequality. There are signs that non-Anglo-American countries may move closer to this approach.

Nevertheless, the ascendancy of the US model is not inevitable or irreversible. Changes to educational structures and financing that could make educational and social outcomes more equitable are available but the current hegemony of the neo-liberal imaginary and the theoretical limitations of economic models of higher education inhibit consideration and implementation of these options. Marginson's contribution is to provide a powerful critique of current theory and practice and a strong case for an alternative approach.

In addition to building on and refining Marginson's analysis of HE, the ongoing research agenda should include the development of parallel analyses of the early childhood education, schooling and vocational education and training sectors, including of the relationships of these with each other and HE. Beyond the research is the formidable but necessary policy and practical work of reshaping education so that it much more effectively supports and sustains the common good in society.

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